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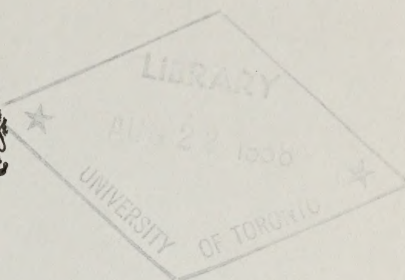


CAI FN 55

-58 R 259

(8)

Canada, Tariff Board



Report by  
**THE TARIFF BOARD**

Relative to the Investigation Ordered  
by the Minister of Finance  
respecting

**TEXTILE WASTES (All Fibres)  
SLIVERS, ETC. (Wool or Hair)  
ROVINGS, YARNS (Wool or Hair)**

**Reference No. 125**

(TEXTILES)









Report by  
**THE TARIFF BOARD**

Relative to the Investigation Ordered  
by the Minister of Finance  
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**TEXTILE WASTES (All Fibres)  
SLIVERS, ETC. (Wool or Hair)  
ROVINGS, YARNS (Wool or Hair)**

***Reference No. 125***

**(TEXTILES)**

THE TARIFF BOARD

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H.B. McKinnon	Chairman
F.J. Leduc	Vice-Chairman
W.W. Buchanan	Vice-Chairman
G.A. Elliott	Member

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Consulting Economist : Beryl Plumptre



Ottawa, April 2, 1958

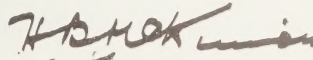
The Honourable,  
The Minister of Finance,  
Ottawa.

Dear Mr. Minister:                      Reference No. 125

In accordance with your directions to the Tariff Board to conduct an inquiry respecting the Textile Schedules of the Customs Tariff, —

I have the honour to transmit herewith, for tabling in Parliament under the provisions of Section 6 of the Tariff Board Act, the second Report of this Board in connection with the aforesaid Reference, viz: within one volume three Reports: relative to Textile Wastes of all Fibres, to Slivers, Noils, etc., of Wool or Hair, and to Rovings and Yarns of Wool or Hair. As normally, this Report is being forwarded in English and in French. A copy of the transcript of the proceedings at various public hearings accompanies this Report.

Yours faithfully,

  
Chairman





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THE TARIFF BOARD

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Reference No. 125

(TEXTILES)

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This second Report of the Tariff Board in connection with the above-named Reference by the Minister of Finance, comprised of three Sections, relative to


Textile Wastes (All Fibres)  
Slivers, etc. (Wool or Hair)  
Rovings, Yarns (Wool or Hair),

bears the recommendations of this Board regarding the tariff treatment to be accorded the above.

  
Chairman

  
Vice-Chairman

  
Vice-Chairman

  
Member





## THE TARIFF BOARD

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Reference No. 125  
(Textiles)

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## RAGS AND WASTES

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In his letter to the Tariff Board of September 24, 1957, the Minister of Finance directed the Board to conduct an inquiry into and report upon the section of the Customs Tariff relative to Textiles and Textile Products. The complete list of tariff items included in the letter of Reference, as revised by the Minister, was widely circulated by the Board under date of February 17, 1958. As of March 5, 1958, the Board had completed its first Report under this Reference, viz: respecting Wool Fabrics.

In a public notice dated December 4, 1957, the Board stated that, at a public sitting to open on February 10, 1958, it would hear representations regarding all items in the customs tariff relative to rags and wastes, etc. — that is to say, all rags and wastes provisions, regardless of the nature of the fibre or fibres named therein.

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### Public Sitzings Held:

Public sittings re Rags and Wastes were held at Ottawa on February 10 - 14, inclusive, 1958.

A nominal roll of those making representations is attached hereto as Appendix D.

A transcript of the proceedings at the public sittings is attached to this copy of the Report, for the Table of Parliament.

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In its notice of December 4, 1957, the Tariff Board cited those items of the customs tariff relative to rags and wastes which would be the subject of discussion at the public sittings and, in due course, the subject of a Report to the Minister of Finance. These items, as well as those which the Industry proposed in lieu thereof, are shown immediately hereafter:

WASTES, RAGS, ETC. Proposed by Industry

Present

Item No.	Description	Item				Proposed by Industry			
		B.P.	M.F.N.	Gen.	Item No.	Description	B.P.	M.F.N.	Gen.
Ex. 520	(1) ...; waste wholly of cotton unfit for use without further manufacture	Free	Free	Free	A.	Rags and waste unfit for use without further manufacture, not to include used garments nor waste portions of unused fabrics; used garments or used fabrics, or waste portions of unused fabrics, not to include remnants nor mill ends, imported to be used exclusively for disintegrating or for manufacture into wiping rags, n.o.p.	Free	Free	Free
520	(2) Rags unfit for use without further manufacture, not to include used garments nor waste portions of unused fabrics	Free	Free	Free	B.	Waste portions of unused fabrics wholly or in chief part by weight of synthetic fibres or filaments, not to include remnants nor mill ends, imported to be used exclusively for disintegrating	Free	Free	Free
520a	Waste portions of unused fabrics, or used garments, wholly of cotton, imported by manufacturers to be used exclusively for disintegrating, or for manufacture into wiping rags in their own factories	Free	Free	Free	C.	Waste portions of unused yarns wholly or in chief part by weight of synthetic fibre or filaments	5 p.c.	7½ p.c.	20 p.c.
535b	Rags and waste unfit for use without further manufacture, not to include used garments nor waste portions of unused fabrics, n.o.p.	Free	Free	Free					



Item No.	Description	B.P.	M.F.N.	Gen.	Item No.	Description	B.P.	M.F.N.	Gen.
535c	Waste portions of unused fabrics, or used garments, n.o.p., imported by manufacturers to be used exclusively for disintegrating or for manufacture into wiping rags in their own factories	Free	Free	Free					
535f	Waste portions of unused fabrics or used garments, imported to be used exclusively for disintegrating, or for manufacture into wiping rags, under regulations prescribed by the Minister	Free	Free	Free					
550	Rags and waste, wholly or in part of wool, the hair of the camel, alpaca, goat or other like animal, unfit for use without further manufacture, not to include used garments nor waste portions of unused fabric	Free	Free	Free					

Item No.	Description	B.P.	M.F.N.	Gen.	Item No.	Description	B.P.	M.F.N.	Gen.
550a	Waste portions of unused fabrics or used garments wholly or in part of wool, the hair of the camel, alpaca, goat or other like animal, imported by manufacturers to be used exclusively for disintegrating in their own factories	Free	Free	Free					
Ex. 557	...; rags and waste wholly of silk or of synthetic textile fibres or filaments, unfit for use without further manufacture, not to include used garments nor waste portions of unused fabrics	Free	Free	Free					
557a	Waste portions of unused fabrics, or used garments, wholly of silk or of synthetic textile fibres or filaments, imported by manufacturers to be used exclusively for disintegrating in their own factories	Free	Free	Free					

Item No.	Description	B.P.	M.F.N.	Gen.	Item No.	Description	B.P.	M.F.N.	Gen.
Ex. 550b	...; waste portions of unused fabrics, ...; wholly or in part of wool, the hair of the camel, alpaca, goat or other like animal, n.o.p., not to include remnants nor mill ends	7½ p.c.	10 p.c.	12½ p.c.					
Ex. 557b	...; waste portions of unused fabrics, wholly of silk or of synthetic textile fibres or filaments, n.o.p., not including remnants nor mill ends	Free	7½ p.c.	10 p.c.	D.	Waste portions of unused fabrics n.o.p., not to include remnants nor mill ends	7½ p.c.	10 p.c.	20 p.c.
Ex. 520b	...; waste portions of unused fabrics, ...; wholly of cotton, n.o.p., not to include remnants nor mill ends	7½ p.c.	10 p.c.	12½ p.c.					



Item No.	Description	B.P.	M.F.N.	Gen.	Item No.	Description	B.P.	M.F.N.	Gen.
Ex. 520b	Garnetted material wholly of cotton, obtained by disintegrating yarns or fabrics, prepared for use; cotton wiping rags and wiping waste; ..., machine-cleaned waste, wholly of cotton, n.o.p., not to include remnants nor mill ends	7½ p.c.	10 p.c.	12½ p.c.	E.	Mill waste wholly of cotton, not further processed than dusted or willowed, unfit for use without further manufacture	Free	Free	Free
Ex. 535d	Garnetted material obtained by disintegrating yarns or fabrics, prepared for use, n.o.p.; wiping rags and wiping waste, n.o.p.; ..., machine-cleaned waste, n.o.p., not to include remnants nor mill ends	7½ p.c.	10 p.c.	12½ p.c.	F.	Picked or garnetted material, shoddy or mungo, obtained by disintegrating yarns or fabrics, n.o.p., machine-cleaned, dusted or willowed waste, n.o.p.	7½ p.c.	10 p.c.	20 p.c.
Ex. 550b	Garnetted material, wholly or in part of wool, the hair of the camel, alpaca, goat or other like animal, obtained by disintegrating yarns or fabrics, prepared for use, n.o.p.; ..., machine-cleaned waste, wholly or in part of wool, the hair of the camel,	7½ p.c.	10 p.c.	12½ p.c.	G.	Picked or garnetted material wholly or in part of wool, the hair of the camel, alpaca, goat or other like animal, in the natural or undyed state, but not containing silk, nor synthetic fibres or filaments, nor cotton, for use in Canadian manufactures	Free	Free	Free

Item No.	Description	B.P.	M.F.N.	Gen.	Item No.	Description	B.P.	M.F.N.	Gen.
	alpaca, goat or other like animal, n.o.p., not to include remnants nor mill ends	7½ p.c.	10 p.c.	12½ p.c.					
550c	Garnetted wool waste in the white when imported by manufacturers of woollen goods for use exclusively in their own factories	Free	Free	Free	H.	Nubs for use in Canadian manufactures	Free	Free	Free
550d	Garnetted material, wholly or in part of wool, the hair of the camel, alpaca, goat or other like animal, in the natural or undyed state, but not containing silk, nor synthetic fibres or filaments, nor cotton, for use in Canadian manufactures	Free	Free	Free	I.	Washed wiping rags, trimmed or untrimmed; machined wiping waste or machined journal box packing waste	7½ p.c.	10 p.c.	20 p.c.
Ex. 557b	Garnetted material wholly of silk or of synthetic textile fibres or filaments, obtained by disintegrating cocoons, yarns or fabrics, prepared for use; ....	Free	7½ p.c.	10 p.c.					

## THE WASTE INDUSTRY

The term "Waste", as used by the trade and in the tariff schedule, includes not only rags and waste items resulting from processes in both primary and secondary textile industries, but also those textile wastes which have been processed to prepare them for use — either in further manufacture, such as garnetted materials, or as end products, such as wiping rags, packing waste, etc.

At each stage of manufacture in the textile industry, waste occurs. This may be roughly classified into three categories. In the processes of cleaning and preparing natural fibres for manufacture, or in the making of man-made fibres, certain wastes of virgin fibres occur. These fibres, when recovered, are usable raw material, usually of short lengths and are known as noils, comber fly, etc. A second category of waste — such as drawing, roving and spinning laps, thread producers' waste, bobbin strippings, weavers' yarn waste, etc. — occurs during the primary manufacturing processes. Most of this type of waste can be recovered: some of it is used in the plant in which it occurs; some of it is sold directly to other textile mills which use it as raw material; much of it is sold to waste dealers. A third category consists of waste portions of fabrics — short ends and cuttings. Some of these occur in the weaving mills, but the chief source of supply is the secondary manufacturing industry, especially the garment trade. Some of these pieces of fabric are sold to manufacturers who use them, without further processing, for such items as pockets, cap linings, etc., but a substantial part is sold to waste dealers for disintegration.

All these types of waste, together with rags and used fabrics and garments, are processed by the waste industry and become an important source of raw material, chiefly for the textile industry, but also for manufacturers of some roofing materials, mattresses, furniture, etc. Used as raw material for the textile industry, waste is an important factor supplementing the supply of fibres, both natural and man-made, available for the manufacture of fabrics and other products.

The specialized functions of the waste industry — the collecting, processing and distributing of textile wastes — are complementary and essential to the textile industry. Sale to the waste industry by textile mills and garment manufacturers of waste which cannot be used in their own plants may be an important factor in keeping down costs of production in these mills. Further, the waste industry makes available to textile manufacturers a supply of raw material which is lower in price than virgin fibres and which can be used in place of or with those fibres in the production of many cloths. Since the use of some waste materials may require more labour than the use of virgin fibres, this cheapening of raw materials may be offset to some extent by increased labour costs. For this reason, the proportion of waste used in textile manufactures tends to be greater in countries with low labour costs.



## The Trade in Wastes:

It has been estimated that the volume of textile wastes traded in Canada probably amounts to between 160 and 180 million pounds per annum. Unfortunately, no statistics of the amount of the domestic supply nor of the total amount of wastes used by industry are available. Members of the waste industry estimated that total sales by waste dealers would amount to between \$10 and \$20 million per annum. This estimate, however, would not include wastes produced and used in the same plants, direct sales between mills, or wastes imported direct by users. In spite of the fact that, in recent years, Canada has exported annually over 20 million pounds (worth about \$4 million) of wastes, domestic industry is dependent, to a substantial degree, on imported wastes. In 1955 and 1956, total imports of wastes averaged nearly 103 million pounds (worth about \$10 million) per annum. Practically all these imports, about 93 p.c., are wastes "unfit for use without further manufacture", or are imported by manufacturers for disintegration or for manufacture into wiping rags. The remaining seven p.c. of imports are wastes which have been prepared for use (garnetted material). The United States is by far the most important source of imported wastes, though the United Kingdom is an important supplier of some — in particular, picked or pulled wool shoddy.

According to evidence given by members of the industry, about 80 p.c. of the domestic supply of wastes comes from textile mills which sell it, usually by contract, to waste dealers; the remainder, chiefly rags and cuttings, is supplied by a number of small firms which specialize in the collection of waste materials of all kinds. Although 35 firms (1954) were reported to deal in and process textile wastes, a large proportion of the processing is done by two or three firms, which use both imported and domestic supplies. These firms claim to be equipped with modern equipment, such as sorting tables, shredders, waste and thread openers, willows, pickers and garnetting machines, which makes it possible for them to absorb the waste of the textile industry and to prepare it for use by their customers in further manufactures. It has been estimated that probably not more than 500 people are directly employed in all plants processing these wastes.

## RECOMMENDED SCHEDULE

The Board has examined in detail the 16 tariff items under which rags and wastes are presently imported, and recommends that these items be replaced by a new Schedule of six items. In its compilation of this Schedule, the Board has attempted to draw up tariff items whose simplicity and clarity will facilitate both the importation of goods by industry and the administration of the tariff by customs officials. As far as possible, tariff items referring to specific fibres have been deleted from the Schedule, and special items for the importation of end-used products have been kept to a minimum. While taking full responsibility for the recommended Schedule, the Board acknowledges with appreciation the assistance received both from industry and from officials of the Department of National Revenue, (in particular, Mr. E. Hough).

The Schedule recommended, with temporary item numbers, follows:

	<u>B.P.</u>	<u>M.F.N.</u>	<u>Gen.</u>
1. Rags and wastes, whether or not cleaned, dusted, willowed, picked or pulled, unfit for use without further manufacture; used textile manufactures or waste portions of unused yarns or of unused fabrics, imported for disintegrating or for the manufacture of wiping rags; none of the foregoing to include remnants or mill ends ....	Free	Free	Free
2. Waste portions of unused fabrics, n.o.p., not to include remnants or mill ends .....	7½ p.c.	10 p.c.	20 p.c.
3. Garnetted material, obtained by disintegrating yarns or fabrics, wholly of wool or hair, in the natural colour of the fleece or the hair .....	Free	Free	Free
4. Garnetted material, obtained by disintegrating yarns or fabrics, n.o.p. ....	7½ p.c.	10 p.c.	20 p.c.
5. Nubs, slugs, slubs, neps or kemps .....	Free	Free	Free
6. Washed wiping rags, trimmed or untrimmed; machine wiping wastes or machined journal-box packing wastes .....	7½ p.c.	10 p.c.	20 p.c.

Notes re Recommended Items:

Item No. 1: In accordance with the decision to eliminate, as far as possible, all reference to specific fibres, the Board recommends that Items A, B, C, E, and part of Item F, as proposed by the Industry, be incorporated in one tariff item (No. 1 in the recommended schedule) to cover the entry of all rags and wastes, composed of any fibre, which are unfit for use without further manufacture or are imported for disintegration. (This item will replace eight items and parts of five other items in the present schedule.) In its Item C, the industry requested that a duty be levied on waste portions of unused synthetic yarns. Since continuous supplies of producers' thread waste adequate

for the needs of textile manufacturers are available only intermittently in Canada, the Board does not recommend the imposition of this tariff. In its Item E and in part of Item F, the industry requested that a distinction be made between dusted and willowed mill waste of cotton and other machine cleaned waste, and that the former be permitted free entry and that the latter continue entry under the present rates of  $7\frac{1}{2}$  p.c. B.P., 10 p.c. M.F.N. and 20 p.c. Gen. After consultation with administrative officials, the Board considers that the proposed distinction between waste cleaned by differing processes would cause considerable administrative difficulties. It believes, therefore, that all wastes, whether cleaned or not, should enter under recommended Item No. 1.

Item No. 2: The Board recommends that the industry's proposals re waste portions of unused fabrics, Item D, be adopted. This item will incorporate parts of three items in the present Schedule. Since portions of fabrics made of any fibre will enter under this item (with rates of  $7\frac{1}{2}$  p.c. B.P., 10 p.c. M.F.N. and 20 p.c. Gen.) those of silk or of synthetic fibres will no longer enjoy free entry under the B.P. tariff, and will pay a higher rate under the M.F.N. tariff.

Items No. 3 and No. 4: The Board recommends acceptance of the industry's proposal that garnetted materials of all fibres (with one exception) enter under one item at the present rates of duty. The Board, however, does not recommend that pulled or picked material enter under Item No. 4. Evidence submitted to the Board indicated that not all types of pulled waste, especially those of wool fibres, are always available in continuous supply in Canada; further, that substantial quantities of wool shoddy from the United Kingdom are presently used by the woollen industry as a raw material in the manufacture of some cloths. The Board understands that, in spite of an administrative ruling of 1951, classifying pulled wool waste under present tariff item 550b, this material has been entering free of duty. The Board recommends that the principle underlying this administrative practice be continued, and has accordingly included this material in Item No. 1 of its recommended Schedule. With regard to garnetted material of undyed wool or hair, the Board recommends that this material continue to enter free of duty under Item No. 3, replacing two items in the present schedule, provided it is in the natural colour of the fleece or hair.

Item No. 5: This recommended item accepts the industry's request that nubs, which are not manufactured in Canada and which are used in the manufacture of decorated cloths, be permitted free entry. The Board has extended this item to include a number of similar decorative manufactures.

Item No. 6: This item also adopts a proposal of the industry, that the present duty on prepared wastes imported for certain specified end uses be continued.

The foregoing recommended items will replace the following tariff items in the existing Schedule:

Recommended Item 1. Replaces part of present tariff item 520(1), 520(2), 520a, part of item 520b, 535b, 535c, part of item 535d, 535f, 550, 550a, part of item 550b, part of item 557 and 557a.

Recommended Item 2. Replaces parts of present tariff items 520b, 550b and 557b.

Recommended Item 3. Replaces present tariff items 550c and 550d.

Recommended Item 4. Replaces parts of present tariff items 520b, 535d, 550b and 557b.

Recommended Item 5. A new item.

Recommended Item 6. A new item; these end products now enter under tariff items 520b and 535d.



APPENDIX A

Wastes Consumed by the Textile Industries  
(thousands of pounds)

TABLE I

<u>Item</u>	<u>1950</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>
	<u>Cotton Textile Industry</u> (including cotton waste dealers)						
Cotton waste	11,398	15,033	24,627	26,277	23,963	32,568	32,111
Other waste	-	3,050	-	-	231	1,544	4,880
Rags	6,569	9,289	9,607	5,056	2,310	9,626	5,474
Cotton and wool waste (mixed)	20,154★	17,133	15,917★	15,766★	10,747	8,190	7,566
Wool waste	1,397	7,002	355	490	1,777	442	861
	<u>Wool Textile Industry</u> (including wool waste dealers)						
Cotton waste	4,929	5,972	6,808	6,581	1,998	1,348	3,719
Noils	919	380	610	1,696	760	1,490	195
Processed wool or part wool	6,172	4,673	3,995	3,562	1,953	3,084	3,381
Waste wool or part wool	5,363	6,979	9,307	6,895	6,454	8,235	10,884
Rags, clippings, etc. used in wool cloth & wool yarn industries	4,110	5,330	3,563	2,853	4,824	5,352	4,070
Rags, clippings, etc. processed for other industries	23,747	27,259	18,086	23,171	16,977	16,481	13,387

★ Includes some other wastes (rayon, comber, etc.)

Source: Dominion Bureau of Statistics - Industry and Merchandising Division

Wastes Consumed by the Textile Industries  
(thousands of pounds)

TABLE II

<u>Item</u>	<u>1950</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>
	<u>Hosiery and Knit Goods Industries</u>						
Cotton waste	1,032	857	533	660	402	431	518
Rayon waste	73	140	77	99	114	196	187
Noils	29	1	4	4	108	63	-
Wool waste or part wool	571	1,330	846	831	418	329	491
Shoddy	325	465	164	256	222	163	211
Rags, clips of wool or part wool	47	40	125	3	529	653	391
Other rags and clips	141	501	278	81	71	80	70
	<u>Miscellaneous Textile Industries</u>						
Cotton waste	1,621	972	689	1,768	1,133	3,631	n.a.
Other waste	676	412	422	395	652	468	n.a.
Wadding, shoddy and batts	1,061	993	683	2,237	3,148	3,603	n.a.
Wipers, rags, etc.	13,080	14,258	15,159	15,147	4,419	6,009	n.a.

Source: Dominion Bureau of Statistics - Industry and Merchandising Division

TABLE III

## Imports: by Source

Waste portions of unused fabrics, or used garments, for wiping rags, n.o.p.

Tariff Items 520a, 535c, 550a, 557a, 535f

Source	<u>1947</u>	<u>1948</u>	<u>1949</u>	<u>1950</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>
					('000 pounds)						
United Kingdom	66	-	133	513	161	388	536	176	752	930	1,345
United States	38,540	44,052	51,093	45,330	53,237	46,212	43,493	42,185	53,790	46,536	39,920
Other	692	20	360	4,318	1,510	934	1,130	1,218	974	811	1,263
Total	39,298	44,072	51,586	50,161	54,908	47,534	45,159	43,579	55,516	48,277	42,528

('000 dollars)

United Kingdom	15	-	18	81	42	78	156	64	142	167	329
United States	2,747	2,690	2,513	3,654	6,386	3,400	3,126	3,085	4,158	3,588	3,061
Other	40	8	56	198	162	141	138	184	145	148	245
Total	2,802	2,698	2,587	3,933	6,590	3,619	3,420	3,333	4,445	3,903	3,635

Note: Amounts less than 500 not shown.

Source: Dominion Bureau of Statistics - Trade of Canada.

TABLE IV

## Imports: by Source

Rags and waste of any materials unfit for use without further manufacture  
not to include used garments nor waste portions of unused fabrics, n.o.p.  
Tariff Items 520(1), 520(2), 535b, 550, 557

Source	<u>1947</u>	<u>1948</u>	<u>1949</u>	<u>1950</u>	<u>1951</u>	<u>1952</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>
	('000 pounds)									
United Kingdom	376	174	639	1,516	1,366	2,188	1,619	1,972	2,138	1,775
India	659	164	178	1,010	561	1,189	1,000	710	911	679
United States	42,116	33,592	29,934	33,259	40,656	39,515	35,020	36,161	41,605	37,485
Other	<u>1,171</u>	<u>1,042</u>	<u>1,030</u>	<u>2,630</u>	<u>1,432</u>	<u>3,670</u>	<u>4,966</u>	<u>4,711</u>	<u>5,812</u>	<u>3,773</u>
Total	<u>44,322</u>	<u>34,972</u>	<u>31,781</u>	<u>38,415</u>	<u>44,015</u>	<u>46,562</u>	<u>42,605</u>	<u>43,554</u>	<u>50,466</u>	<u>43,712</u>
	('000 dollars)									
United Kingdom	53	37	148	327	488	467	308	432	401	489
India	71	12	17	105	43	84	149	112	69	53
United States	3,640	3,148	3,522	4,401	6,988	4,742	3,381	3,592	3,897	3,713
Other	<u>160</u>	<u>136</u>	<u>201</u>	<u>523</u>	<u>387</u>	<u>594</u>	<u>848</u>	<u>533</u>	<u>484</u>	<u>272</u>
Total	<u>3,924</u>	<u>3,333</u>	<u>3,888</u>	<u>5,356</u>	<u>7,906</u>	<u>5,887</u>	<u>4,686</u>	<u>4,669</u>	<u>4,851</u>	<u>4,528</u>

Source: Dominion Bureau of Statistics - Trade of Canada.



TABLE V

## Imports: by Source

Garnetted wool waste in the white, for woollen goods  
Tariff Items 550c, 550d

Source	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957
				('000 pounds)							
United Kingdom	87	65	143	108	119	90	204	100	170	101	173
United States	16	24	185	174	493	123	79	124	213	239	169
Belgium	254	78	46	26	-	4	3	4	35	2	10
Other	76	-	-	17	2	10	-	-	-	1	-
Total	433	167	374	325	614	227	286	228	418	343	352
				('000 dollars)							
United Kingdom	53	62	150	118	226	82	262	96	166	116	182
United States	13	25	162	165	726	131	101	142	268	326	206
Belgium	239	75	50	29	-	5	5	7	50	2	13
Other	41	-	-	11	2	11	-	-	-	2	-
Total	346	162	362	323	954	229	368	245	484	446	401

Note: Amounts less than 500 not shown.

Source: Dominion Bureau of Statistics - Trade of Canada.

Imports: by Source

Tariff Items 520b, 535d, 550b

Source: Dominion Bureau of Statistics - Trade of Canada.

TABLE VII

## Imports: by Source

Garnetted silk wastes, waste silk fabric and silk wastes, n.o.p.  
not including remnants nor mill ends

Tariff Item 557b

Source	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957
				('000 pounds)							
United Kingdom	-	-	-	-	-	1	-	-	-	-	-
United States	1	-	-	2	2	8	-	2	21	17	28
Other	-	-	-	-	-	-	-	-	-	-	-
Total	1	-	-	2	2	9	-	2	21	17	28
				('000 dollars)							
United Kingdom	-	-	-	-	-	1	1	-	-	-	-
United States	2	-	-	2	3	9	-	4	26	28	53
Other	-	-	-	-	-	-	-	-	-	1	-
Total	2	-	-	2	3	10	1	4	26	29	53

Note: Amounts less than 500 not shown.

Source: Dominion Bureau of Statistics - Trade of Canada.

TABLE VIII

## Imports: by Source

Garnetted material and waste portions of unused fabrics, filaments and loose fibres,  
wholly of synthetic textile fibre, n.o.p., not to include remnants nor mill ends  
Tariff Item 557b

Source	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957
United Kingdom	-	-	21	384	107	234	94	120	75	123	66
United States	189	425	957	940	1,573	500	890	1,348	2,061	1,317	1,274
Other	-	6	14	25	484	3	18	31	76	10	-
Total	189	431	992	1,349	2,164	737	1,002	1,499	2,212	1,450	1,340
United Kingdom	-	-	5	88	36	74	35	58	22	46	23
United States	126	115	234	405	1,008	283	563	1,128	1,892	751	753
Other	-	3	5	7	235	2	11	9	44	8	-
Total	126	118	244	500	1,279	359	609	1,195	1,958	805	776

('000 pounds)

('000 dollars)

Note: Amounts less than 500 not shown.

Source: Dominion Bureau of Statistics - Trade of Canada.

## Exports of Canadian Cotton Rags and Wastes

TABLE IX

<u>Destination</u>	<u>1947</u>	<u>1948</u>	<u>1949</u>	<u>1950</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>
					('000 pounds)						
United Kingdom	99	-	-	-	582	-	-	95	871	363	158
Belgium	-	-	-	-	69	29	113	60	256	1,381	2,099
Germany	-	-	-	-	2	-	1	45	518	315	87
Italy	-	-	-	-	559	253	466	1,083	867	1,033	1,307
United States	4,863	6,174	6,849	9,319	9,564	6,737	6,286	5,900	7,504	6,726	6,458
Other	585	332	110	60	220	204	266	288	100	1,021	256
Total	5,547	6,506	6,959	9,379	10,996	7,223	7,132	7,471	10,116	10,839	10,365
					('000 dollars)						
United Kingdom	12	-	-	-	202	-	-	10	188	62	22
Belgium	-	-	-	-	25	5	15	10	40	232	386
Germany	-	-	-	-	1	-	-	4	51	42	9
Italy	-	-	-	-	139	39	43	96	103	120	113
United States	351	478	478	806	1,146	683	489	387	579	599	521
Other	62	44	17	12	68	47	102	62	8	91	26
Total	425	522	495	818	1,581	774	649	569	969	1,146	1,077

Note: Amounts less than 500 not shown

Source: Dominion Bureau of Statistics - Trade of Canada





TABLE XI

## Exports of Canadian Rags and Waste, n.o.p.

<u>Destination</u>	<u>1947</u>	<u>1948</u>	<u>1949</u>	<u>1950</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>
					('000 pounds)						
United States	1,639	1,969	2,202	2,395	1,875	1,763	1,465	2,910	2,508	2,636	5,087
Italy	-	-	40	-	230	135	372	826	807	704	886
Other	23	40	9	31	17	76	241	331	546	1,260	1,285
Total	1,662	2,009	2,251	2,426	2,122	1,974	2,078	4,067	3,861	4,600	7,258
					('000 dollars)						
United States	99	156	342	505	474	349	288	474	411	611	1,148
Italy	-	-	2	-	40	20	31	69	63	57	98
Other	3	6	2	8	7	22	46	62	150	219	323
Total	102	162	346	513	521	391	365	605	624	887	1,569

Source: Dominion Bureau of Statistics - Trade of Canada









THE TARIFF BOARD

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Reference No. 125  
(Textiles)

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WOOL AND HAIR, SLIVERS, ETC.

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A second grouping of items included in the Textiles Schedule of the Tariff are those relating to wool and hair in those forms which precede the stage of rovings and yarns, viz.: scoured, etc., wool, noils, hair (not curled or dyed), and slivers of wool or of hair. These items also were the subject of inquiry at the public sittings, opening February 10, 1958 (already alluded to in the Report on Rags and Wastes), with very much the same attendance throughout the five-day hearing. A transcript of the proceedings relative to the Wool and Hair items is included in, and forms part of, the record in respect of Rags and Wastes and in that form is available for the Table of Parliament.

For the convenience of those reading this Report there are shown herewith, in tabular form, the existing six classifications composing this part of the tariff schedule (as incorporated in the Industry's brief) and, in a parallel column, the proposals of the Industry:



## Present

## WOOL, TOPS, SLIVER

## Proposed by Industry

Item No.	Description	B.P.	M.F.N.	Gen.	Item No.	Description	B.P.	M.F.N.	Gen.
549a	Wool, not further prepared than scoured	Free	Free	Free	A.	Wool and wool noils not further prepared than scoured or carbonized	Free	Free	Free
549	Wool not further prepared than combed, n.o.p. per pound	Free	10 cts.	15 cts.	B.	Wool not further prepared than combed, n.o.p.; tops not further prepared than combed, wholly or in part of wool, not containing synthetic fibres, in sliver strands not less than 2 ozs. in weight per 5 yards .....	Free	10 cts.	15 cts.
549b	(1) Hair of the camel, alpaca, goat or other like animal .....	Free	Free	15 cts.	C.	Fibres not further prepared than combed, wholly or in chief part by weight of hair, not to contain synthetic fibres, n.o.p.	Free	Free	Free
	(2) Hair, cleaned or uncleaned, but not curled, dyed, nor otherwise manufactured; and horse hair not further manufactured than simply cleaned and dipped or dyed	Free	Free	Free	D.	Hair, curled or dyed, n.o.p.	12½ p.c.	15 p.c.	20 p.c.
	(3) Hair, curled or dyed, n.o.p.	12½ p.c.	15 p.c.	20 p.c.	E.	Sliver in untwisted strand composed wholly or in part of wool or hair, but not containing synthetic textile fibres, n.o.p.	7½ p.c.	12½ p.c.	20 p.c.
551f	Sliver strands in warp form, wholly or in part of wool or hair, imported by manufacturers of braided mats and rugs, for use in the manufacture of such articles in their own factories and, per pound	Free	Free	20 p.c. 17½ cts.					

## REVISED CLASSIFICATIONS

It should be explained that the products covered by the tariff items comprising this section of the Textiles schedule are raw materials — entirely unprocessed or processed only to a limited degree — used chiefly in the manufacture of wool textiles and of hair products. In devising a new tariff schedule for these commodities, the Board, in addition to aiming at simplification, has attempted to assist clarification by proposing a new definition for the Interpretation Section of the Act (see below): further, while not able to delete entirely reference to specific fibres, it has followed the principle which it introduced in connection with its recommendations regarding wool fabrics, viz.: that where two or more fibres are blended in one product, the latter shall be classified by that fibre which constitutes 50 p.c. or more of such product.

### Recommended Schedule re Wool, Hair and Slivers:

#### Definition:

"Sliver", including "top": A continuous strand not twisted, combed or not, consisting of fibres none of which exceeds 12 inches in length.

	<u>B.P.</u>	<u>M.F.N.</u>	<u>Gen.</u>
1. Wool and wool noils, not further prepared than scoured or carbonized	Free	Free	Free
2. Slivers, 50 p.c. or more, by weight, of wool .....	Free	10 cts.	15 cts.
3. Hair and hair noils; slivers, 50 p.c. or more, by weight, of hair; horsehair not further manufactured than dipped or dyed .....	Free	Free	Free
4. Hair, curled or dyed, n.o.p. ....	12½ p.c.	15 p.c.	20 p.c.

#### Notes re Recommended Items:

Item No. 1: The Board recommends acceptance of the industry's proposed Item A, as set out earlier herein, which had the effect of widening the present item to include the free importation of wool noils.

Item No. 2: In this recommended item, the Board replaces the phrase "not further prepared than combed" with the term "sliver". In its proposed Item B, the industry had requested that tops containing any synthetic fibres should not be allowed entry under the item. The Board recommends, however, that all slivers (which term includes tops) containing 50 p.c. or more by weight of wool, regardless of such other fibres as may be blended with wool, be imported under this item. This confirms the prevailing administrative practice. The industry also had requested that the new item be limited to slivers weighing not less than two ounces per five yards, and that slivers lighter in weight should enter under the industry's proposed Item E, paying duties of  $7\frac{1}{2}$  p.c. B.P.,  $12\frac{1}{2}$  p.c. M.F.N., and 20 p.c. General Tariff. The Board sees no justification for this division by weight nor for the imposition of duty on a small proportion of imported slivers.

Item No. 3: This item follows, as regards hair and hair slivers, the principles adopted in Items Nos. 1 and 2 for wool and wool slivers, and replaces two items in the present Schedule.

Item No. 4: This item continues, without change, item 549b(3) in the present Tariff.

The items comprising the recommended Schedule will replace the following items in the present Tariff:

Recommended Item 1. Replaces item 549a. Note wool noils are presently imported under 549, 549a and 550.

Recommended Item 2. Replaces item 549 and part of item 551f.

Recommended Item 3. Replaces items 549b(1), 549b(2), part of item 551f.

Recommended Item 4. Replaces item 549b(3).



# APPENDIX B

## Wool in the grease

### Tariff Item 549

## Imports: by Source

TABLE I

Source	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957
						('000 pounds)					
United Kingdom	499	1,048	507	1,061	785	721	478	710	619	747	803
India	74	284	154	343	57	120	260	238	92	91	43
Australia	4,707	5,179	2,887	3,632	2,842	1,722	1,461	1,249	2,092	2,586	1,176
New Zealand	10,739	10,099	8,709	6,293	8,260	6,191	6,151	3,349	5,027	5,387	3,871
Argentina	-	587	355	341	165	223	1,132	230	73	199	186
United States	-	262	307	340	1,829	888	1,669	1,265	1,766	1,795	2,813
Uruguay	80	203	52	642	90	371	950	459	123	376	223
Other	165	674	664	504	240	155	498	121	308	349	260
Total	16,264	18,336	13,635	13,156	14,268	10,391	12,599	7,621	10,100	11,530	9,375
						('000 dollars)					
United Kingdom	221	567	243	842	1,233	501	340	521	497	544	610
India	34	128	96	209	107	94	170	163	74	71	35
Australia	2,135	3,282	2,012	3,091	5,192	1,316	1,225	1,052	1,493	1,879	914
New Zealand	2,985	3,651	3,595	3,440	12,073	3,360	3,632	2,112	3,186	3,387	2,652
Argentina	-	301	187	323	233	136	719	182	41	144	127
United States	-	147	175	251	3,312	743	1,679	1,114	1,532	1,515	2,475
Uruguay	36	81	42	854	124	319	864	452	102	314	218
Other	68	302	343	349	246	101	367	94	250	226	155
Total	5,479	8,459	6,693	9,359	22,520	6,570	8,996	5,690	7,175	8,080	7,186

Source: Dominion Bureau of Statistics - Trade of Canada



TABLE III

Imports: by Source

Wool, pulled or slipped  
Tariff Items 549, 549a

Source	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957
					('000 pounds)						
United Kingdom	90	398	232	555	176	218	142	250	237	272	286
India	88	40	11	24	-	-	-	-	17	15	-
New Zealand	3,195	2,496	1,948	1,613	1,509	660	703	286	339	477	357
Argentina	-	37	-	-	-	19	128	28	19	102	42
Other	-	38	75	89	61	5	26	10	27	21	39
Total	3,373	3,009	2,266	2,281	1,746	902	999	574	639	887	724
					('000 dollars)						
United Kingdom	38	207	144	539	277	190	104	206	184	205	218
India	23	14	3	6	-	-	-	-	12	11	-
New Zealand	1,182	1,174	1,073	1,145	2,895	404	522	217	254	324	269
Argentina	-	10	-	-	-	15	70	19	15	60	27
Other	-	17	41	85	125	4	23	10	24	13	28
Total	1,243	1,422	1,261	1,775	3,297	613	719	452	489	613	542

Source: Dominion Bureau of Statistics - Trade of Canada.

TABLE IV

## Imports: by Source

## Worsted tops\*

Tariff Item 549

<u>Source</u>	<u>1947</u>	<u>1948</u>	<u>1949</u>	<u>1950</u>
		('000 pounds)		
United Kingdom	7,578	15,904	11,055	14,768
Australia	768	1,062	585	691
United States	2,905	283	199	248
Other	<u>472</u>	<u>232</u>	<u>434</u>	<u>295</u>
Total	11,723	17,482	12,273	16,002
		('000 dollars)		
United Kingdom	7,340	21,414	15,932	25,466
Australia	756	1,346	897	1,150
United States	3,768	494	306	488
Other	<u>607</u>	<u>316</u>	<u>632</u>	<u>469</u>
Total	12,471	23,470	17,767	27,573

\*Beginning in 1951 this classification was broken down into three separate classifications — hair tops; wool tops, oil combed; wool tops, dry combed, see Tables V, VI and IX.

Source: Dominion Bureau of Statistics — Trade of Canada.

TABLE V

Imports: by Source

Wool tops, oil combed\*

Tariff Item 549

<u>Source</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>
			('000 pounds)				
United Kingdom	9,794	5,984	10,065	7,016	8,947	8,831	8,475
Union of South Africa	24	41	54	96	95	67	74
Australia	108	59	53	19	32	56	37
Uruguay	213	53	108	15	-	-	-
Other	72	1	30	40	17	8	2
Total	<u>10,211</u>	<u>6,138</u>	<u>10,310</u>	<u>7,186</u>	<u>9,091</u>	<u>8,962</u>	<u>8,588</u>
			('000 dollars)				
United Kingdom	27,963	8,080	15,024	10,329	11,513	11,013	12,345
Union of South Africa	101	68	96	170	134	83	109
Australia	349	80	76	25	45	71	49
Uruguay	484	81	165	21	-	-	-
Other	200	2	50	53	30	13	2
Total	<u>29,097</u>	<u>8,311</u>	<u>15,411</u>	<u>10,598</u>	<u>11,722</u>	<u>11,180</u>	<u>12,505</u>

\*Not available separately prior to 1951

Source: Dominion Bureau of Statistics - Trade of Canada



TABLE VI

Imports: by Source

Wool tops, dry combed\*

Tariff Item 549

<u>Source</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>
			(1000 pounds)				
United Kingdom	2,590	1,076	1,883	1,237	1,707	1,701	1,711
Australia	273	75	242	32	-	12	-
Uruguay	241	46	228	67	-	1	-
Other	80	41	74	244	40	16	49
Total	3,184	1,238	2,427	1,580	1,747	1,730	1,760
			(1000 dollars)				
United Kingdom	8,032	1,773	3,339	2,052	2,417	2,379	2,748
Australia	776	106	430	47	1	16	-
Uruguay	586	76	401	121	-	2	-
Other	239	57	132	386	62	21	76
Total	9,633	2,012	4,302	2,606	2,480	2,418	2,824

\*Not available separately prior to 1951; amounts less than 500 not shown.

Source: Dominion Bureau of Statistics - Trade of Canada.

TABLE VII

Imports: by Source

Nails, wool or hair

Tariff Items 549, 549a, 549b(1), 550

Source	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957
					( '000 pounds)						
United Kingdom	170	330	270	304	280	117	140	147	206	139	153
Australia	142	105	121	64	17	6	11	-	8	-	-
United States	68	104	87	101	16	16	44	14	50	22	25
Other	3	83	46	69	2	45	30	33	88	42	33
Total	383	622	524	538	315	184	225	194	352	203	211
					( '000 dollars)						
United Kingdom	131	252	240	359	527	124	156	150	214	147	163
Australia	88	74	74	50	19	3	15	-	7	-	-
United States	48	85	78	123	35	18	43	13	46	19	17
Other	1	65	32	72	3	46	34	30	65	27	27
Total	268	476	425	604	584	191	248	193	332	193	207

Source: Dominion Bureau of Statistics - Trade of Canada.

TABLE VIII

## Imports: by Source

Hair of the camel, alpaca, goat or  
other animal hair, n.o.p.

Tariff Item 549b(1)

Source	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957
					('000 pounds)						
United Kingdom	61	78	47	106	86	22	78	43	49	5	4
Belgium	-	-	-	-	3	-	-	-	129	10	4
Peru	67	17	25	4	9	7	29	3	18	5	-
United States	61	30	80	102	159	148	159	145	102	57	175
Other	15	1	7	4	51	2	2	*	5	8	1
Total	204	126	159	216	308	179	268	191	303	85	184
					('000 dollars)						
United Kingdom	35	64	47	110	209	31	101	64	52	6	5
Belgium	-	-	-	-	5	-	-	-	67	60	61
Peru	61	10	20	3	16	9	58	5	39	12	-
United States	64	41	82	211	306	137	177	234	261	168	156
Other	28	15	36	29	62	23	23	2	52	104	2
Total	188	130	185	353	598	200	359	305	471	350	224

\*Less than 500

Source: Dominion Bureau of Statistics - Trade of Canada

TABLE IX

Imports: by Source

Hair tops\*

Tariff Item 549b(1)

<u>Source</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>
				( '000 pounds )			
United Kingdom	110	116	75	78	11	1	1
United States	20	4	16	62	71	50	20
Total	130	120	91	140	82	51	21
				( '000 dollars )			
United Kingdom	159	119	61	63	6	1	**
United States	21	6	23	68	88	62	35
Total	180	125	84	131	94	63	35

\*Not available separately prior to 1951

\*\*Less than 500

Source: Dominion Bureau of Statistics - Trade of Canada

TABLE X

## Exports of Wool in the Grease

<u>Destination</u>	<u>1947</u>	<u>1948</u>	<u>1949</u>	<u>1950</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>
					( '000 pounds )						
United Kingdom	1,278	1,081	1,231	787	272	576	1,234	1,605	1,643	1,813	2,263
United States	1,654	1,868	1,655	2,300	1,677	2,036	1,864	932	590	499	645
Other	25	3	-	-	-	-	-	-	-	175	21
Total	<u>2,957</u>	<u>2,952</u>	<u>2,886</u>	<u>3,087</u>	<u>1,949</u>	<u>2,612</u>	<u>3,098</u>	<u>2,537</u>	<u>2,233</u>	<u>2,487</u>	<u>2,929</u>
Exports of foreign produce not included above	314	134	357	322	284	966	271	199	267	557	451
					( '000 dollars )						
United Kingdom	409	493	560	449	267	329	641	841	754	861	1,275
United States	556	853	693	1,383	1,429	1,060	945	497	338	271	381
Other	7	1	-	-	-	-	-	-	-	92	11
Total	<u>972</u>	<u>1,347</u>	<u>1,253</u>	<u>1,832</u>	<u>1,696</u>	<u>1,389</u>	<u>1,586</u>	<u>1,338</u>	<u>1,092</u>	<u>1,224</u>	<u>1,667</u>
Exports of foreign produce not included above	186	78	191	246	364	679	181	140	254	502	378

Source: Dominion Bureau of Statistics - Trade of Canada



TABLE XI

## Exports of Scoured or Washed Wool

<u>Destination</u>	<u>1947</u>	<u>1948</u>	<u>1949</u>	<u>1950</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>
					( '000 pounds )						
United Kingdom	-	-	31	-	-	8	5	-	18	102	28
United States	7	6	38	173	69	77	1	21	43	111	175
Other	-	6	83	35	18	-	7	-	-	-	14
Total	7	12	152	208	87	85	13	21	61	213	217
Exports of foreign produce not included above	360	122	105	497	597	483	394	364	114	228	245
					( '000 dollars )						
United Kingdom	-	-	20	-	-	10	3	-	8	84	17
United States	4	4	32	166	119	74	1	22	30	105	153
Other	-	4	22	16	10	-	3	-	-	-	5
Total	4	8	74	182	129	84	7	22	38	189	175
Exports of foreign produce not included above	211	81	76	561	1,237	525	446	376	110	208	239

Source: Dominion Bureau of Statistics - Trade of Canada

## Exports of Pulled or Slipped Wool

TABLE XII

Destination	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957
				('000 pounds)							
United Kingdom	-	-	-	-	-	-	-	-	51	143	64
United States	157	106	-	73	44	129	28	19	43	22	14
Other	10	-	-	-	-	-	-	-	-	-	25
Total	167	106	-	73	44	129	28	19	94	165	103
Exports of foreign produce not included above	156	138	114	72	38	173	30	2	3	-	41
				('000 dollars)							
United Kingdom	-	-	-	-	-	-	-	-	36	104	51
United States	94	85	-	68	65	119	23	16	37	20	19
Other	5	-	-	-	-	-	-	-	-	-	12
Total	99	85	-	68	65	119	23	16	73	124	82
Exports of foreign produce not included above	71	80	73	68	47	125	24	2	1	-	24

Source: Dominion Bureau of Statistics - Trade of Canada

TABLE XIII

Exports of Wool Noils

<u>Destination</u>	<u>1947</u>	<u>1948</u>	<u>1949</u>	<u>1950</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>
				('000 pounds)							
United Kingdom	20	-	-	7	-	-	-	3	-	-	-
United States	913	600	304	325	206	224	297	120	190	248	232
Total	933	600	304	332	206	224	297	123	190	248	232
Export of foreign produce not included above	45	35	33	45	13	8	25	2	22	3	11
				('000 dollars)							
United Kingdom	10	-	-	5	-	-	-	2	-	-	-
United States	431	347	203	305	246	207	283	99	161	205	197
Total	441	347	203	310	246	207	283	101	161	205	197
Export of foreign produce not included above	34	21	24	46	31	12	22	3	21	4	11

Source: Dominion Bureau of Statistics - Trade of Canada

TABLE XIV

## Exports of Wool Tops

<u>Destination</u>	<u>1947</u>	<u>1948</u>	<u>1949</u>	<u>1950</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>
				('000 pounds)							
United States	9	183	-	10	40	120	-	8	7	-	-
Mexico	-	116	84	46	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	5	-	-
Total	9	299	84	56	40	120	-	8	12	-	-
Exports of foreign produce not included above	53	90	-	-	84	60	17	31	27	18	-
				('000 dollars)							
United States	13	158	-	19	66	138	-	12	7	-	-
Mexico	-	131	124	69	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	7	-	-
Total	13	289	124	88	66	138	-	12	14	-	-
Exports of foreign produce not included above	56	103	-	-	172	124	30	48	37	23	-

Source: Dominion Bureau of Statistics - Trade of Canada









THE TARIFF BOARD

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Reference No. 125  
(Textiles)

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ROVINGS AND YARNS: WOOL OR HAIR

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A third group of items of the Textiles schedules discussed at the public sittings of the Tariff Board on February 10-14, inclusive, 1958, had to do with those relating to rovings, yarns, warps, etc. of wool or hair. The information placed before the Board in connection with this phase of the inquiry is included in the transcript of proceedings already referred to in the preceding section of this Report entitled Rags and Wastes and in that form is available for the Table of Parliament. The eight existing items, along with the proposals of the Industry respecting a substitute schedule, are shown in tabular form, beginning on the next succeeding page:



Item No.	Description	B.P.	M.F.N.	Gen.	Item No.	Description	B.P.	M.F.N.	Gen.
551	Yarns, composed wholly or in part of wool or hair but not containing silk, or synthetic textile fibres or filaments, n.o.p. and, per pound	7½ p.c. 5 cts.	12½ p.c. 15 cts.	22½ p.c. 22½ cts.	A.	Rovings and yarns composed wholly or in part of wool or hair but not containing synthetic textile fibres or filaments, in measured skeins or balls, prepared for sale at retail and, per pound	7½ p.c. 35 cts.	12½ p.c. 50 cts.	20 p.c. 60 cts.
551a	Yarns and warps composed wholly of wool or in part of wool or hair, imported by manufacturers for use exclusively in their own factories, n.o.p. and, per pound	7½ p.c. 5 cts.	12½ p.c. 15 cts.	20 p.c. 17½ cts.	B.	Rovings, yarns and warps, composed wholly or in part of wool or hair but not containing synthetic textile fibres or filaments, n.o.p. and, per worsted count per pound	7½ p.c. ¾ ct.	12½ p.c. ¾ ct.	20 p.c. ¾ ct.
551d	Yarns and warps, spun on the worsted system, composed wholly of wool or in part of wool or hair, imported by manufacturers for use in their own factories in the manufacture of woven fabrics in chief part by weight of wool or hair and not exceeding six ounces to the square yard,				C.	In no case shall the specific duty per pound be less than  Rovings, yarns and warps composed wholly or in part of wool or hair but not containing synthetic textile fibres or filaments, in the	5 cts.	30 cts.	35 cts.



Item No.	Description	B.P.	M.F.N.	Gen.	Item No.	Description	B.P.	M.F.N.	Gen.
	when in the gray or unfinished condition, under such regulations as may be prescribed by the Minister	Free	15 p.c.	20 p.c.		natural, undyed, unbleached condition, imported by manufacturers for production of goods other than yarns in their own factories, n.o.p.	7½ p.c.	12½ p.c.	20 p.c.
	and, per pound	-	15 cts.	17½ cts.		and, per single worsted count per pound	½ ct.	½ ct.	½ ct.
551b	Mohair or alpaca yarns, imported by manufacturers of cut pile fabrics for upholstery purposes for use exclusively in the manufacture of such cut pile fabrics, in their own factories	Free	10 p.c.	12½ p.c.		In no case shall the specific duty per pound be less than	5 cts.	15 cts.	17½ cts.
	The Governor in Council may, when satisfied that mohair or alpaca yarns, or both, are manufactured in Canada in quantity and quality sufficient for Canadian requirements, by Order in Council direct that this tariff item, insofar as it affects either or both of such yarns, be repealed.					It is recommended that item 551d be deleted from the tariff on the assumption that there will be a change in the light weight cloth tariff as previously recommended by the industry.			
						D. Yarns and warps spun on the worsted system composed wholly or in part of hair but not containing synthetic textile fibres or filaments, imported by manufacturers for the production of pile fabrics or tailors'			

Item No.	Description	B.P.	M.F.N.	Gen.	Item No.	Description	B.P.	M.F.N.	Gen.
551c	Yarns and warps composed wholly of hair or of hair and any vegetable fibre, imported by manufacturers for use in their own factories and, per pound	Free	17½ p.c. 15 cts.	20 p.c. 17½ cts.		canvas interfacing in their own factories and, per pound	Free	10 p.c. -	20 p.c. 17½ cts.
551g	Alpaca yarns, spun on the worsted system, for use in the manufacture of pile fabrics and, per pound	Free	10 p.c. -	20 p.c. 17½ cts.		It is recommended that considerations of item 551e be postponed until recommendations are made on other synthetic or partly synthetic yarns.			
551e	Yarns and warps composed of hair combined with synthetic textile fibres or filaments for use in the manufacture of tailors' canvas interfacing and, per pound	Free	7½ p.c. 10 cts.	20 p.c. 17½ cts.		Recommendations A, B, C and D above are alike in that each covers yarn "composed wholly or in part of wool or hair but not containing synthetic fibres or filaments." As stated these items will cover all yarns of wool or hair or blends of fibres with wool or hair so long as the blends contain no synthetic fibre. Raw materials for the yarns covered by the above usually enter Canada free of duty.			
						Since synthetic fibres are dutiable, it seems appropriate that yarns containing such fibres should be grouped together at one place in the tariff and be covered by a separate recommendation.			

## WOOL AND HAIR YARNS

The term "wool yarn", like "wool cloth", has in the past included all yarns containing wool, spun on either the woollen or the worsted system. Woollen yarns are made from wool which has been carded but not combed; worsted yarns are spun from wool which has been combed, and are usually finer, that is of higher count, than woollen yarns.

Between 1951 and 1954, the demand for wool yarn in Canada fell by 33 p.c., from 64.9 million pounds to 43.5 million pounds. After 1954, demand increased, but in 1956 (the latest year for which figures are available) the amount of yarn used in Canada was still much lower than in 1951. Much of this decline has been due to the fall in demand for wool cloth.

It is estimated that manufacturers of wool cloth use slightly more than half of the total supply of wool yarn. Other users are the hosiery and knitted goods industry, which probably consumes nearly one-third of the supply, and the carpet industry, which uses about 10 p.c. Only about five p.c. is sold direct to consumers for hand knitting. Since Canada imports only about five p.c. of her total supply of wool yarn, most of the effect of the fall in demand in this period has been felt by the domestic spinning industry.

### Domestic Disappearance of Wool Yarn:

	<u>Yarn supplied by</u>			<u>Total Supply</u>
	Canadian Mills	U.K. Mills	Other Countries	
	(million pounds)			
1950	62.3	1.4	.9	64.5
1951	62.6	1.4	.9	64.9
1952	55.8	1.4	.2	57.4
1953	49.1	2.2	.6	51.9
1954	41.7	1.4	.4	43.5
1955	46.1	1.6	.3	48.0
1956	55.1*	1.6	.2	56.9

\* Years prior to 1956 incomplete (see Appendix C: Table I)

As the above table shows, Canadian production of wool yarn fell from 62.6 million pounds in 1951 to 41.7 in 1954, and then rose to 46.1 million pounds in 1955. (Until 1956, statistics did not include all yarn produced and used in the same plants, so the increase shown above in 1956 probably exaggerates the improvement in the industry in that year.) During these years, imports of wool yarn — apart from a temporary increase in 1953 — were relatively stable, falling by only about 500,000 pounds. Imports are mostly worsted yarns imported by the knitting and weaving industries, chiefly from the United Kingdom. Unfortunately, statistics are not available to show the proportions of these yarns used by the importing industries. The Board understands

that the worsted weaving industry imports about 10 p.c. of its yarn requirements, which would be somewhat less than half of total imports. These are mostly undyed yarns of high counts. Imports for machine knitters are usually dyed and of lower count. It is estimated that only about 300,000 pounds of imported yarns are for hand knitting. The delegation from the United Kingdom, the chief supplier of imported yarns, maintained that their export trade in yarns to Canada is largely limited to special yarns and counts.

In addition to the wool yarn imports shown in the above table, Canada imports, chiefly from the United Kingdom, small quantities of hair yarns, usually for special uses.

#### The Canadian Wool Yarn Industry:

This industry is closely integrated with the wool cloth industry. In Canada, all woollen mills and the larger worsted mills are organized vertically, with spinning and weaving operations. Most of these mills spin yarn only for their own use, but some, mainly in the worsted industry, which have spinning capacity in excess of their own weaving requirements, also spin yarn for sale, either to other weaving firms or to machine knitters. It is estimated that the wool cloth industry spins between 45 to 48 p.c. of the total amount of yarn produced in Canada. The hosiery and knitted goods industry also produces some wool yarn, about 12 p.c. of total production, which is used mostly in integrated plants; usually only a small proportion is sold. Most firms in this industry are organized on a horizontal basis, and purchase most of their yarn requirements. Other producers of wool yarn are the cotton and the synthetic industries, but these account for only about five p.c. of Canadian production. A small amount of yarns is also produced by carpet weaving firms.

Spinning firms which produce wool yarn solely for sale, and which do not use yarn in other operations in their plants, spin probably about 30 p.c. of Canadian production. According to statistics for 1955, the last year for which details are available, only 16.7 million pounds (out of a total production of 46.1 million pounds) of wool yarn were produced for sale in Canada. More than half of the yarn sold was machine knitting yarn; less than two million pounds were sold for weaving cloth. (See Appendix C: Table IV). Most of the yarn sold was produced by these non-composite spinners; it is estimated that sales of yarn by the wool cloth, hosiery and knitting, cotton and synthetic industries accounted for about 15 to 20 p.c. of total sales.

Since the major proportion of yarns is produced in integrated plants, very little statistical information regarding the industry as a whole is available. The Board has examined the financial statements of some spinning firms, both composite and non-composite. These statements indicate that, as far as the spinning of wool yarns is concerned, some of these firms have been experiencing considerable difficulties in recent years, and that, on the whole, the industry cannot be regarded as one likely to attract investment. There seems to be little doubt that much of its difficulties has resulted from the fall in the demand for wool cloth. Although the wool cloth firms spin most of the weaving yarn they use, changes in their needs for yarn affect the remainder of the spinning industry. Not only are sales of weaving yarn reduced, but



competition for the sale of other types of wool yarn is intensified. When demand for wool cloth declines, wool cloth mills with integrated plants try to keep their spinning plants running to capacity by producing yarns for other industries, especially for machine knitters, who usually buy most of their yarn from non-composite spinners. Another factor reducing demand for wool yarn in recent years has been the increased competition from synthetic yarns, especially in the knitting trade. Some spinners who produce both synthetic and wool yarns appear to have been able to maintain their production by switching to types of yarn other than wool. However, since some synthetic yarns cannot be spun on the equipment used for spinning worsted yarn, mills cannot always meet changes in demand in this way.

It is impossible to assess with any degree of accuracy the effect of sales of imported yarns on the Canadian market. There is no doubt that, by reason of lower labour costs, wool yarns can be produced more cheaply in the United Kingdom than in Canada. Canadian spinners maintained that this discrepancy in conversion costs between Canadian and United Kingdom spinners is due not only to the higher wage rates paid in Canada, but also to the fact that most domestic mills produce, for a very limited market, yarns of a great variety of counts and colours, usually ordered in small quantities. While the amount imported from the United Kingdom is only an exceedingly small proportion of the wool yarn used in Canada, Canadian producers claim that these sales prevent Canadian prices of yarns from rising to levels which would make production more profitable. For that reason they requested an increase in the rate of duty on wool yarns. The industry submitted evidence that the conversion costs of spinning yarn were slightly more than 40 p.c. of total conversion costs incurred in the manufacture of wool cloth, and on that ground requested that approximately 40 to 45 p.c. of the protection afforded to wool cloth should be granted to wool yarn producers.

#### REVISED CLASSIFICATIONS

The Board recommends that the seven tariff items under which wool and hair yarns are now imported be replaced by a new schedule of three items. In these items the Board has continued the principle embodied in its recommendations regarding wool fabrics and slivers, viz.: that when a product contains more than one fibre, it shall be classified by that fibre which represents 50 p.c. or more, by weight, of such product. The Board does not recommend the adoption of the proposal of the industry that all wool and hair yarns containing any synthetic fibres be excluded from the tariff items relative to wool and hair yarns. In this schedule, the Board has continued the principle of deleting, as far as practicable, all tariff items referring to specified end uses.



Recommended Schedule re Rovings and Yarns:

	<u>B.P.</u>	<u>M.F.N.</u>	<u>Gen.</u>
1. Rovings and yarns, 50 p.c. or more, by weight, of hair ..... and, per pound	Free -	10 p.c. -	20 p.c. 17½ cts.
2. Rovings and yarns, 50 p.c. or more, by weight, of wool, n.o.p. .... and, per pound	7½ p.c. 7 cts.	12½ p.c. 17 cts.	22½ p.c. 22½ cts.
3. Rovings and yarns, 50 p.c. or more, by weight, of wool or hair, in measured skeins or balls ..... and, per pound	7½ p.c. 10 cts.	12½ p.c. 20 cts.	22½ p.c. 22½ cts.

Notes re Recommended Items:

Item 1: All yarns containing 50 p.c. or more by weight of hair will enter under this item, which replaces two items and part of four other items in the present tariff schedule. It is recommended that free entry under the B.P. tariff for these yarns be continued, and that the rate under the M.F.N. tariff be 10 p.c. This will increase the tariff on hair yarns now entering under 551e, and reduce it on those now entering under 551, 551a, and 551c; there will be no change for yarns entering under 551b and 551g.

Item 2: The Board recommends that all yarns containing 50 p.c. or more by weight of wool, except hand knitting yarns, be imported under this item. The Board does not recommend the adoption of the principle, as proposed by the industry in Items B and C, that the rate of duty on wool yarns be adjusted to the labour content of the yarn. After discussion with officials of the Department of National Revenue, the Board considers the proposal that a specific duty be levied "per single worsted count" with a minimum duty per pound, would be very difficult to administer. Moreover, evidence submitted by the United Kingdom delegation indicates that this proposal, through the need for certification of the count of imported yarns, would be likely to cause some confusion and delay and to increase shipping costs.

Wool yarns are now imported under items 551 and 551a. The Board recommends that the ad valorem rates of duty of these items be continued, and that the specific duties be increased by two cents per pound under the B.P. and the M.F.N. tariffs.

Item 3: All hand knitting yarns of 50 p.c. or more by weight of wool or hair will enter under this item. The Board recommends that the present ad valorem rates of duty on this yarn, which now enters under tariff item 551, be continued and that the specific rates of duty be increased by five cents per pound under the B.P. and the M.F.N. tariffs.

The items comprising the recommended Schedule will replace the following items in the present Tariff:

Recommended Item 1. Replaces parts of items 551, 551a, 551c, 551e, and, items 551b and 551g.

Recommended Item 2. Replaces part of items 551 and 551a.

Recommended Item 3. Replaces part of item 551.

## Yarns Containing Wool Produced in Canada

('000 pounds)

	Wool Textile Industry				Hosiery and Knitted Goods Industry			Cotton Textile Industry	Synthetic Textile Industry	Total	
	Woollen(1)	Worsted		Other	Woollen	Worsted					Other
		Oil	Dry								
1939	20,504	8,170	-	1,182	5,383	2,169	-	-	-	37,408	
1946	42,143	14,191	1,434	n.a.	7,682	1,906	-	473	164	68,013	
1947	42,438	14,126	1,502	n.a.	7,582	2,220	-	538	966	69,372	
1948	41,794	13,684	1,810	n.a.	6,673	2,433	-	560	1,304	68,258	
1949	36,892	12,333	1,628	n.a.	5,083	1,483	123	911	1,991	60,444	
1950	37,550	11,825	2,272	149	4,487	1,632	300	651	3,507	62,373	
1951	37,665	10,735	1,198	132	6,560	1,798	200	1,483	2,866	62,637	
1952	34,142	10,411	1,167	384	5,407	1,637	145	596	1,885	55,774	
1953	27,159	11,207	2,367	343	4,416	1,364	132	621	1,518	49,127	
1954	21,685	9,540	2,969	316	3,936	1,321	405	607	964	41,743	
1955	24,734	10,685	2,615	503	4,386	1,155	497	609	940	46,124	
1956	35,655	10,541	1,656	371	3,708	705	814	600(2)	1,091(3)	55,141	

(1) Statistics for years prior to 1956 do not include all yarns produced and used in same plant.

(2) Estimate.

(3) Primary Textiles Institute.

Source: Dominion Bureau of Statistics, Industry and Merchandising Division.

TABLE II

## Wool Yarns Produced for Sale

('000 pounds)

	Wool Textile Industry				Hosiery and Knitted Goods Industry			Cotton Textile Industry	Synthetic Textile Industry	Total	
	Woollen	Worsted		Other(1)	Woollen	Worsted					Other
		Oil	Dry								
1935-39 average	4,238		6,299	365	625	554	536	318	-	13,035	
1946	8,528		9,387	n.a.	568	802	568	572	-	20,425	
1947	7,779			148	965		110	509	-	21,251	
1948	9,049		904			1,245			-	21,768	
1949	7,432		1,357	132	529	1,124	3	582	-	19,202	
1950	10,211		1,124	857	421	739	-	530	-	23,415	
1951	10,035		1,736	2,438	506	286	-	502	-	21,573	
1952	9,031		1,072	2,227	420	435	-	461	-	19,718	
1953(2)	7,167		1,231	1,744	990	51	-	362	-	19,815	
1954	5,759		1,682	2,754	578	526	-	365	-	16,436	
1955	5,419		1,300	1,519	463	497	-	459	-	16,726	
1956	6,124		1,508	1,922	772	124	-	408	-	16,881	
			1,647	1,157	764	96	42	400(3)	927(4)		

(1) 1950 to 1955 includes some all-synthetic yarns.

(2) Shipments for 1953 and later years.

(3) Estimate.

(4) Primary Textiles Institute.

Source: Dominion Bureau of Statistics - Industry and Merchandising Division.

TABLE III

## Type and Distribution, Canadian Wool Yarn Production★

- 1955 -

	<u>Worsted oil</u>	<u>Worsted dry</u>	<u>Woollen</u>	<u>Other</u>	<u>Total</u>
	( '000 pounds )				
Carpet Weaving	215	-	3,590	2	3,807
Other Weaving	5,463	1,226	17,048	8	23,745
Machine Knitting	4,650	1,389	6,278	932	13,249
Hand Knitting	1,470	-	555	31	2,056
Other	<u>42</u>	<u>-</u>	<u>1,650</u>	<u>27</u>	<u>1,719</u>
Total	11,840	2,615	29,121	1,000	44,576

TABLE IV

## Distribution of Canadian Wool Yarn Sales★★

- 1955 -

	<u>Wool Textile Industry</u>				<u>Other</u>	<u>Total</u>
	<u>Machine</u>		<u>Hand</u>			
	<u>Weaving</u>	<u>Knitting</u>	<u>Knitting</u>	<u>Carpet</u>		
	( '000 pounds )					
Woollen yarn	343	2,458	593	2,023	1,181	6,598
Worsted yarn:						
Oil spun	1,622	3,726	1,225	-	123	6,696
Dry spun	<u>-</u>	<u>1,508</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,508</u>
Total	1,965	7,692	1,818	2,023	1,304	14,802

★ Spun for own use, sale or on commission in the Wool Textile and Knitting Industries

★★ Excludes other yarns (blended and synthetic) - Column 4, Table II

Source: Dominion Bureau of Statistics -  
Industry & Merchandising Division

TABLE V

Total Supply of Wool Yarns in Canada  
(million pounds)

	Canadian Retained Production or Shipments	Imports from United Kingdom	Imports from Other Countries	Total Imports	Total Market	Per Cent Supplied by		
						Canada	United Kingdom	Other
1949	60.2	1.7	.9	2.6	62.8	95.9	2.7	1.4
1950	62.3	1.4	.9	2.3	64.6	96.4	2.2	1.4
1951	62.6	1.4	.9	2.3	64.9	96.4	2.2	1.4
1952	55.8	1.4	.2	1.6	57.4	97.2	2.4	.4
1953	49.1	2.2	.6	2.8	51.9	94.6	4.2	1.2
1954	41.7	1.4	.4	1.8	43.5	95.9	3.2	.9
1955	46.1	1.6	.3	1.9	48.0	96.1	3.3	.6
1956	55.1	1.6	.2	1.8	56.9	96.8	2.8	.4

Source: Dominion Bureau of Statistics - Trade of Canada, and  
Industry and Merchandising Division



TABLE VI

## Imports: by Source

Yarns composed wholly or in part of wool or hair, but not containing silk nor synthetic textile fibre, n.o.p.\*

## Tariff Item 551

Source	1947	1948	1949	1950	1951	1952	1953
			( '000 pounds)				
United Kingdom	601	579	233	223	163	171	482
France	29	13	51	36	27	38	35
United States	44	11	7	9	12	11	19
Other	1	-	1	6	21	21	53
Total	675	603	292	274	223	241	589
			( '000 dollars)				
United Kingdom	1,142	1,316	613	608	634	422	931
France	86	49	181	168	146	121	131
United States	143	36	26	24	31	42	54
Other	13	3	3	18	63	49	131
Total	1,384	1,404	823	818	874	634	1,247

★ In 1954 the statistical classification was changed so that tariff item 551 was combined with tariff item 551a and the two items then divided into two statistical classifications - woollen spun yarn, and worsted spun yarn, see Table VIII.

Source: Dominion Bureau of Statistics - Trade of Canada.

TABLE VII

Imports: by Source

Yarns and warps composed wholly of wool, or in part of wool or hair, imported by manufacturers\*

## Tariff Item 551a

Source	1947	1948	1949	1950	1951	1952	1953
			('000 pounds)				
United Kingdom	2,670	2,242	1,404	1,112	1,203	1,252	1,733
Belgium	31	116	208	159	108	27	131
Czechoslovakia	-	15	101	180	63	-	-
France	73	248	212	192	247	115	280
Italy	-	76	12	64	263	4	-
United States	902	307	252	126	93	11	44
Other	-	30	26	102	73	22	5
Total	3,676	3,034	2,215	1,935	2,050	1,431	2,193
			('000 dollars)				
United Kingdom	3,930	4,542	3,147	2,394	3,083	2,031	3,491
Belgium	66	222	511	388	344	60	310
Czechoslovakia	-	44	254	413	188	-	-
France	167	567	556	511	891	316	647
Italy	-	176	10	137	771	11	-
United States	1,561	721	602	316	177	23	125
Other	-	66	52	243	256	65	12
Total	5,724	6,338	5,132	4,402	5,710	2,506	4,585

\*In 1954 the statistical classification was changed so that tariff item 551a was combined with tariff item 551 and the two tariff items then divided into two statistical classifications - woollen spun yarn, and worsted spun yarn, see Table VIII.

Source: Dominion Bureau of Statistics - Trade of Canada

## Imports: by Source

TABLE VIII

## Spun Yarn

## Tariff Items 551, 551a

Source	Woollen			Worsted				
	1954	1955	1956	1957	1954	1955	1956	1957
					( '000 pounds )			
United Kingdom	399	190	350	289	929	1,220	1,064	864
Belgium	22	-	9	2	84	51	37	31
France	25	14	18	12	144	152	92	109
United States	39	12	14	8	50	25	23	15
Other	24	6	7	13	38	52	27	40
Total	509	222	398	324	1,245	1,500	1,243	1,059
					( '000 dollars )			
United Kingdom	632	310	497	438	2,168	2,262	1,930	1,678
Belgium	84	-	35	7	181	113	83	76
France	84	35	54	45	387	397	235	325
United States	72	24	39	19	131	80	61	50
Other	61	15	19	38	99	165	88	90
Total	933	384	644	547	2,966	3,017	2,397	2,219

Note: Amounts less than 500 not shown

Source: Dominion Bureau of Statistics - Trade of Canada



TABLE X

## Imports: by Source

**Yarns and warps composed wholly of hair, or of hair and any vegetable fibre or synthetic fibre, imported by manufacturers**

Tariff Items 551c, 551e, 551f

<u>Source</u>	<u>1947</u>	<u>1948</u>	<u>1949</u>	<u>1950</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>
					( <sup>'000 pounds)</sup>						
United Kingdom	98	230	194	347	404	574	195	72	310	390	413
United States	20	27	61	114	55	49	69	42	21	45	22
Other	-	-	-	-	8	-	1	-	-	1	-
Total	118	257	255	461	467	623	265	114	331	436	435
					( <sup>'000 dollars)</sup>						
United Kingdom	109	300	221	364	544	652	206	82	274	360	393
United States	25	35	44	79	35	15	28	21	4	9	4
Other	-	-	-	2	10	-	-	-	-	1	-
Total	134	335	265	445	589	667	234	103	278	370	397

**Note:** Amounts less than 500 not shown

Source: Dominion Bureau of Statistics - Trade of Canada

TABLE XI

## Imports: by Source

Yarn, mohair or alpaca, for cut pile fabrics for upholstery

Tariff Items 551b, 551g

Source	<u>1947</u>	<u>1948</u>	<u>1949</u>	<u>1950</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>
						( '000 pounds )					
United Kingdom	95	173	169	100	65	3	10	20	68	11	31
United States	<u>123</u>	<u>24</u>	<u>3</u>	<u>6</u>	<u>-</u>	<u>-</u>	<u>4</u>	<u>4</u>	<u>2</u>	<u>9</u>	<u>2</u>
Total	218	197	172	106	65	3	14	24	70	20	33
						( '000 dollars )					
United Kingdom	150	291	269	150	182	5	21	43	158	28	77
United States	<u>192</u>	<u>39</u>	<u>5</u>	<u>21</u>	<u>-</u>	<u>1</u>	<u>9</u>	<u>9</u>	<u>5</u>	<u>24</u>	<u>6</u>
Total	342	330	274	171	182	6	30	52	163	52	83

Note: Amounts less than 500 not shown

Source: Dominion Bureau of Statistics - Trade of Canada



## Exports of Wool Yarn

TABLE XII

<u>Destination</u>	<u>1949</u>	<u>1950</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>
				( '000 pounds)					
United States	10	34	15	5	5	8	13	20	31
Other	217	5	24	-	1	-	2	-	17
Total	227	39	39	5	6	8	15	20	48
Exports of foreign yarns not included above	30	3	22	33	6	18	11	5	11
				( '000 dollars)					
United States	29	57	37	18	27	18	24	38	55
Other	326	9	56	1	1	-	5	1	28
Total	355	66	93	19	28	18	29	39	83
Exports of foreign yarns not included above	51	9	69	72	15	30	28	16	10

Notes: Not available prior to 1949  
Amounts less than 500 not shown

Source: Dominion Bureau of Statistics - Trade of Canada

CANADIAN WOOLLEN AND WORSTED SPINNING INDUSTRYCOMBINED STATEMENT OF SALES AND PROFIT AND LOSSNINE COMPANIESFOR SEVEN FISCAL YEARS ENDED 1950-1956 INCLUSIVE  
(expressed in thousands)

	Sales	Profit or (loss) before depreciation	Depreciation	Profit or (loss) before income taxes	Percentage of sales		Capital expenditures
					Profit or (loss) before depreciation	Profit or (loss) before income taxes	
1950	\$ 18,666	\$ 2,772	\$ 515	\$ 2,257	14.9 %	12.1 %	\$ 367
1951	18,369	(1,927)	411	(2,338)	(10.5)	(12.7)	286
1952	16,694	253	319	(66)	1.5	(0.4)	85
1953	17,780	658	302	356	3.7	2.0	395
1954	14,715	(148)	251	(399)	(1.0)	(2.7)	122
1955	15,111	287	254	33	1.9	0.2	246
1956	<u>15,704</u>	<u>783</u>	<u>313</u>	<u>470</u>	5.0	3.0	<u>468</u>
Total	\$117,039	\$ 2,678	\$2,365	\$ 313			\$1,969
Seven year average	\$ 16,720	\$ 383	\$ 338	\$ 45	2.3 %	0.3 %	\$ 281

Source: Canadian Woollen and Worsted Spinning Industry, submitted by Clarkson, Gordon &amp; Company

# APPENDIX D

## Nominal Roll of Those Who Made Representations

Blackwood Morton & Sons (Canada) Ltd. British Columbia Lumber Manufacturers Association, The	Ste. Therese, P.Q. Vancouver, B.C.
Canadian Association of Consumers Consolidated Red Shingle Association of British Columbia, The	Ottawa, Ont. Vancouver, B.C.
Dominion Wool Dealers Association Limited, The	Toronto, Ont.
Esmond Mills Limited, The	Granby, P.Q.
Glendale Spinning Mills, Limited	Hamilton, Ont.
Plywood Manufacturers Association of British Columbia, The	Vancouver, B.C.
Powell River Company Limited	Vancouver, B.C.
Primary Textiles Institute	Toronto, Ont.
Shillman, A. & H., Company Incorporated	Montreal, P.Q.
United Kingdom Delegation The Wool Textile Delegation and The Export Group, National Wool Textile Executive on behalf of affiliated organisations and The Batley and Birstall Chamber of Commerce The Bradford Chamber of Commerce The Dewsbury Chamber of Commerce The Huddersfield Chamber of Commerce The Ossett Chamber of Commerce	England
West Coast Woollen Mills Ltd.	Vancouver, B.C.





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*Report by*  
**THE TARIFF BOARD**

*Relative to the Investigation Ordered  
by the Minister of Finance  
respecting*

**WOOL FABRICS**

•

**Reference No. 125  
(Textiles)**



2A1 FN 55  
-4662510



*Report by*  
**THE TARIFF BOARD**

*Relative to the Investigation Ordered  
by the Minister of Finance  
respecting*

**WOOL FABRICS**

•

**Reference No. 125  
(Textiles)**

## THE TARIFF BOARD

—

H.B. McKinnon	Chairman
F.J. Leduc	Vice-Chairman
W.W. Buchanan	Vice-Chairman
G.A. Elliott	Member

—

Consulting Economist : Beryl Plumptre

Ottawa,  
March 5, 1958

The Honourable,  
The Minister of Finance,  
Ottawa.

Reference No. 125

Dear Mr. Minister:

In accordance with your direction to the Tariff Board to conduct an inquiry respecting the Textile Schedules of the Customs Tariff, -

I have the honour to transmit herewith, for tabling in Parliament under the provisions of Section 6 of the Tariff Board Act, the first Report of this Board in connection with the aforesaid Reference, viz.: a Report relative to Wool Fabrics (Woollens and Worsteds), in English and in French. A copy of the transcript of the evidence presented at various public hearings accompanies this Report.

Yours faithfully,

  
Chairman





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# THE TARIFF BOARD

Reference No. 125

Being a direction from the Minister of Finance to conduct an Inquiry into the State of the Textile Industry in Canada and to make a report or reports thereon

On a succeeding page will be found the full text of the Letter of Reference, dated September 24, 1957, by virtue of which the Tariff Board initiated the inquiry which has led to this Report - the first of several which will result from the Inquiry ordered by the Minister of Finance.

This (first) Report will relate to only four tariff items out of some 200 or more which fall within the terms of Reference No. 125. These four items (Numbers 554, 554a, 554b and 554c) are those classifications of the existing tariff schedule which classify, for duty purposes, woven fabrics wholly or in part of wool.

Public sittings relative to the tariff treatment to be accorded to wool fabrics were held in Ottawa in 1957 from November 18 to November 22, inclusive, and from November 25 to November 27, inclusive. A listing of registered appearances at these sittings will be found among the Appendices hereto and a verbatim record of the proceedings is attached to the Report, for the Table of Parliament.

For the information of those who may read this Report and who may not be completely familiar with the "language of the trade", it should be stated that, where the following words appear, they carry the meaning hereunder shown:

- Worsteds: cloths made from wool which has been combed - i.e., the fibres have been made parallel to form a "top";
- Woollens: cloths made from wool which has not been combed;
- Blends: cloth made from wool and fibres other than wool;
- Wool cloth: includes both woollens and worsteds as well as blends of cloth containing wool.

## BACKGROUND TO PRESENT REPORT

On May 12, 1954, the Minister of Finance referred to the Tariff Board for inquiry and report representations which had been made to him by Canadian producers of Woollens and Worsteds respecting the state of their Industry and, in particular, competition suffered by reason of imports of such wool fabrics from the United Kingdom. The Industry at that time concentrated its representations upon such woollen and worsted fabrics as were dutiable (under the British Preferential Tariff) under a single item of the Customs Tariff, item 554b, which reads (as it then read) as follows:

Woven fabrics composed wholly or in part of yarns of wool or hair, n.o.p.

	<u>British Preferential Tariff</u>	<u>Most- Favoured-Nation Tariff</u>	<u>General Tariff</u>
	20 p.c.	27½ p.c.	40 p.c.
and, per pound	12 cts.	30 cts.	35 cts.

However, the sum of the specific and ad valorem duties imposed by this item on imports under the British Preferential Tariff shall not be in excess of 50 cents per pound.

In ordering the Inquiry at that time, the Minister of Finance asked merely that the Board assemble and forward to him "all available information" — that is to say, recommendations as to the modification or retention of the customs duties under the British Preferential Tariff were not requested. The Board's Report was forwarded to the Minister on February 7, 1955, and tabled in the House of Commons on the following day.

#### Second Letter of Reference

On September 24th, 1957, the Board received from the Minister of Finance the following Letter of Reference (No. 125):

The Government has received representations from representatives of labour and management in the Canadian textile industry concerning the volume and prices of textile products imported into Canada.

Producers of primary textiles have requested that a Review be made of the tariff items relating to major types of textile yarns and fabrics. Producers of clothing and other secondary textile products have requested a review of the tariff items of concern to them and in addition have pointed out that increases in tariffs on primary textiles would have consequential effects on their position. Moreover, it is contended that certain items relating to textiles are now out of date.

I, therefore, direct the Tariff Board to make a study and report, or reports, under Section 4(2) of the Tariff Board Act, on the following items in Schedules A and B to the Customs Tariff:

520(2)	523m	537c	550a	557a	565
520a	523n	537d	550b	557b	566
520b	523p	537e	550c	557c	567
520c	524	540	550d	558	567a
521	524a	541	551	558a	567b
522	525	541a	551a	558b	567c
522a	528	541b	551b	558c	567d
522b	529	541c	551c	558d	568
522c	529a	541d	551d	558e	568a
522d	530	542	551e	558f	568b(2)
522e	531	542a	551f	558g	569d
522f	532	542b	551g	558i	574
522g	532a	543	552	559	574a
522i	532b	545	552a	560	574b
523	532c	546	553	560a	798
523a	532d	546a	553a	560b	802(b)
523b	532e	547	554	560c	810
523c	533	547a	554a	561	812
523d	534	548	554b	561a	812a
523e	535b	548a	554c	561b	812b
523f	535c	548c	554d	561c	818
523g	535d	549	554e	561d	1012
523h	535f	549c	554f	562	
523i	536	549d	555	562a	
523j	537	549e	556	563	
523k	537a	549f	556a	564	
523l	537b	550	556b	564a	

If the Board's study should indicate that amendments to the tariff items listed in the preceding paragraph are desirable, it should make recommendations with respect thereto. Further, if in the light of evidence presented to it the Board should consider that it would be practicable and desirable for it to make a separate report or reports on any items or groups of items, I would wish the Board to prepare such separate report or reports and to submit them to me prior to the completion of its final report.

Yours very truly,

DONALD M. FLEMING

In a statement to the Press on September 23rd, 1957, the Minister of Finance, in announcing the ordering of an Inquiry covering practically all items of the Textiles schedule of the Tariff, referred to the Report of February, 1955, and added "... the Board ... may be in a position to make recommendations regarding tariffs on woollen and worsted fabrics on the basis of less extensive investigations than might otherwise be necessary".



Accordingly, the Board selected for consideration at its first public sitting in connection with the present inquiry four items of the Tariff relative to woollens and worsteds, viz.:

<u>Item</u> <u>No.</u>	<u>Wording</u>	<u>B.P.</u> <u>Tariff</u>	<u>M.F.N.</u> <u>Tariff</u>	<u>Genl</u> <u>Tariff</u>
554	Woven fabrics, composed wholly or in chief part by weight of yarns of wool or hair, not exceeding in weight six ounces to the square yard, n.o.p., when imported in the gray or unfinished condition, for the purpose of being dyed or finished in Canada ..... and, per pound	15 p.c. 7½ cts.	20 p.c. 17½ cts.	30 p.c. 20 cts.
554a	Woven fabrics, consisting of cotton warps with wefts of lustre wool, mohair or alpaca, generally known as lustres or Italian linings, n.o.p. ....	Free	20 p.c.	25 p.c.
554b	Woven fabrics composed wholly or in part of yarns of wool or hair, n.o.p. .... and, per pound	20 p.c. 12 cts.	27½ p.c. 30 cts.	40 p.c. 35 cts.

However, the sum of the specific and ad valorem duties imposed by this item on imports under the British Preferential Tariff shall not be in excess of 50 cents per pound.

Provided, however, that the sum of the specific and ad valorem duties shall not be in excess of 50 cents per pound. (GATT re B.P. duty).

Ex.	Woven fabrics, composed wholly or in chief part by weight of yarns of wool or hair, not exceeding in weight nine ounces to the square yard, n.o.p. .... and, per pound	20 p.c. 12 cts.	27½ p.c. 30 cts.	40 p.c. 35 cts.
-----	---	--------------------	---------------------	--------------------

Provided, however, that the sum of the specific and ad valorem duties shall not be in excess of \$1.00 per pound. (GATT re M.F.N. duty).



Item <u>No.</u>	<u>Wording</u>	<u>B.P. Tariff</u>	<u>M.F.N. Tariff</u>	<u>Gen. Tariff</u>
554c	Woven fabrics, composed wholly or in chief part by weight of yarns of wool or hair, not exceeding in weight four ounces to the square yard, when imported in the gray or unfinished condition, for the purpose of being dyed or finished in Canada .....	Free	20 p.c. 15 cts.	30 p.c. 20 cts.
	and, per pound			

As will be seen from the Letter of Reference above quoted, the current inquiry was clearly to relate to the operations of all tariffs (and not the British Preferential alone).

Pre-Hearing Intimation of Position

The Letter of Reference did not cite or suggest what modifications were being sought by the Canadian producers in the customs duties applicable to imported woollens or worsteds. However, on October 8, 1957, the Board received from the appropriate committee of the domestic industry the following clarification:

Canadian Woollen & Knit Goods Manufacturers Association

50 King St. West  
Toronto 1, Ont.  
October 8th, 1957.

Mr. H.B. McKinnon,  
Chairman, Tariff Board,  
70-74 Elgin Street  
Ottawa, Canada.

Dear Mr. McKinnon:      re Reference 125 - WOOL CLOTH

Further to Mr. Cleyn's conversation with you on October 2nd, I should like to record the broad outlines of the Canadian industry's recommendations on tariff item 554b that will be supported in its submission before the Board at the hearings to commence on November 18th.

The Canadian industry will recommend the removal of the 50¢ per lb. maximum duty in item 554b and will likely propose that the specific duty be levied on a square yard basis rather than on a weight basis as at present and that there be a decrease in the ad valorem portion of the compound duty and an increase in the specific portion of the rate. The industry is also likely to recommend a widening of the British Preference under this item and a corresponding increase in the Most Favoured Nation rates.

Preparation of our industry's case is proceeding as rapidly as possible and we would hope to be in a position to let you have within a very short period, a more detailed statement of the recommendations we propose to lay before the Board. There is little doubt, however, that they will follow, in broad outline, the area indicated.

Yours sincerely,

J.I. Armstrong  
Manager

This communication was immediately made public by the Board, which advised all interested parties that it would constitute the basis of the case to be presented by the domestic producers at a public sitting to open at 10 o'clock a.m. on Monday, November 18, 1957.

#### Industry's Request as Formally Presented

At the public sitting, the precise requests of the industry for changes in the tariff treatment of wool fabrics were formally presented. For the purposes of this section, these may be summarized as follows:

<u>Item</u>	<u>Description</u>	<u>Present Rates</u>		<u>Proposed Rates</u>	
		<u>B.P.</u>	<u>M.F.N.</u>	<u>B.P.</u>	<u>M.F.N.</u>
554	Woven Fabrics				
	... not exceeding				
	in weight six				
	(five) ounces to				
	the square yard				
	... in the gray	15 p.c.	20 p.c.	15 p.c.	27½ p.c.
	and, per pound	7½ cts.	17½ cts.	and	and
				16 cts.	39 cts.
				per sq. yd.	per sq. yd.
554a	Lustres and Italian				
	linings .....	Free	20 p.c.	To be deleted from	
				Tariff Schedule	
554b	Woven Fabrics				
	... of wool or				
	hair, n.o.p. ....	20 p.c.	27½ p.c.	18 p.c.	27½ p.c.
	and, per pound	12 cts.	30 cts.	and	and
				20 cts.	39 cts.
				per sq. yd.	per sq. yd.
554c	Woven Fabrics				
	... not exceeding				
	in weight four				
	ounces to the				
	square yard ...				
	in the gray .....	Free	20 p.c.	To be deleted from	
	and, per pound		15 cts.	Tariff Schedule	

Notes re above tabular Statement of Requests:

1. In no instance is the wording of the tariff items given in full, the complete text of each item having been shown earlier herein;
2. The British Preferential rates — present as well as requested — are gross rates and would be subject to the appropriate reduction of 10 p.c. for direct shipment;
3. It will be noted that, in respect of tariff items 554 and 554b (the only two which the Industry desired to see retained), the wording is unchanged except for the substitution of the phrase "per square yard" for the existing phrase "per pound", in both items, and the substitution of the phrase "five ounces" for the existing phrase "six ounces" in item 554.

## PART I

-

In its Report of February, 1955, the Board reviewed the state of the woollen and worsted industry in Canada — not only as regards the then-current situation but, in very considerable detail, from 1947 onward. A great deal of factual and statistical material was assembled, collated and analyzed; so much, indeed, that it is not contemplated in the Report now presented to go again in detail into an exercise of that order.

Because of the unavoidable lapse of time in connection with the collection and publication of official statistical data such as are supplied by the Bureau of Statistics, it was not possible in the earlier Report — written as it was in the latter part of 1954 and the early months of 1955 — to present in their final form official statistics (relative to imports, exports, production, employment etc.) later than those for the full calendar year, 1953. In this Report, much of these data have been incorporated on the basis of a more recent period — in most instances, the calendar year, 1956, with certain estimates or preliminary figures for at least the first half of 1957.

Before commenting upon such changes or trends as may have manifested themselves since 1953, as revealed or reflected in the more recent data now available, the Board believes it desirable to recapitulate briefly the situation within, or bearing upon, the woollen and worsted industry in Canada as it found it to be at the close of that year (1953):

1. The declining consumption in Canada, per capita, of fabrics containing wool, which had been in evidence for a number of years, had persisted into the first nine months of calendar year 1954, despite a temporary reversal of trend in 1953.
2. The drastic drop in demand had, over-all, been shared fairly evenly by domestic and British fabrics.
3. Consumer preference for light-weight fabrics (which had begun to show itself in the 1930's) had become, if anything, more pronounced by the end of 1953.
4. "Blends" — fabrics containing wool and one or more synthetic fibres — were growing in popularity, and some woollen and worsted mills were turning to the production of fabrics of this type.
5. In the seven or eight years ending in 1953, the demand for worsted fabrics appeared to be, on the whole, more steady — or less unsteady — than that for either woollens or blends.
6. Between 1950 and 1953, 12 woollen mills and five worsted mills had ceased operations — in general (but not in all instances) a reflection of the decline in over-all demand for wool cloth.



7. As of July, 1954, average hourly earnings of workers in the Woollen Goods Industry — a Bureau of Statistics appellation, covering not only all wool cloth workers (i.e., worsteds and woollens) but also workers in other branches of the Wool Textile Industry — was 104.3 cents per hour, as against an average at the same date for all manufacturing of 141.7 cents.

8. The financial state of the industry generally, of 1953, was not encouraging from any point of view. Many mills were selling a substantial part of their output at what the Board described in its earlier Report as "unsatisfactory prices"; others were experiencing a falling demand for their products.

9. While it appeared to be the case that, between the second quarter of 1953 and the corresponding period of 1954, about 1,700 wool cloth makers had lost their jobs, a survey by the Board failed to find actual unemployment on that scale. In a few centres — small towns or villages — the closing of mills or reduction in employment had created problems for the municipal authorities as well as for the workers.

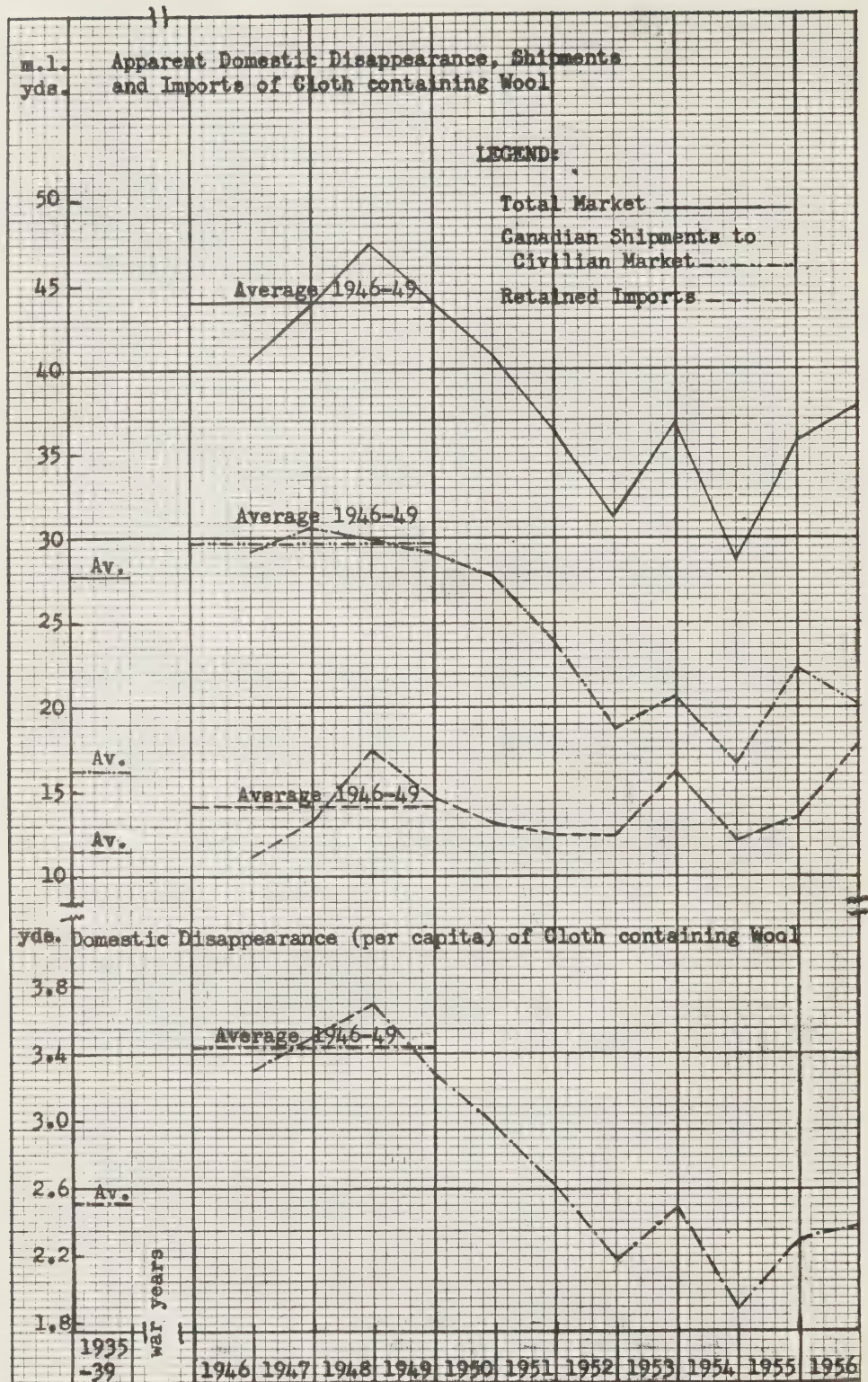
10. In so far as concerns the effective rate of duty on United Kingdom wool fabrics imported under the most important tariff item of the wool schedule (item 554b) the earlier Report showed the following:

Year	Total Imports p.c.	Flannels p.c.	O'Coatings p.c.	Tweeds p.c.	Worsteds and Serges p.c.
1948	14.7	15.8	17.8	19.4	13.9
1953	14.9	18.1	17.9	19.6	14.0

11. In respect of the variable weight or incidence of the overriding maximum duty of 50 cents per pound, the Report stated: "It should ... be noted that the effective rate of duty on worsteds, which cloths are meeting the strongest British competition, is lower than that on other cloths".

12. In short: As of the end of 1953, domestic woollens appeared to be bearing the brunt of the declining market, per capita, for cloths wholly or in part of wool; while domestic worsteds apparently were feeling more bitterly the chill wind of price competition of imported fabrics.

It will be one of the functions of this Report to comment — as of a later date and in the light of more up-to-the-moment information — upon these features and to attempt to state more authoritatively whether or not what appeared to be trends in the period ending 1953 are still operating, or have been checked, or have been reversed.





## PART II

## THE CANADIAN MARKET FOR WOOL CLOTH: 1955-57

It is not the intention of the Board to report in as much detail as in its earlier report on the developments in the Canadian market for wool cloth and in the industry during the past three years. Neither the evidence submitted to the Board nor statistics of the industry point to any major changes in this period. There have been shifts in the sources of supply of wool fabrics, as well as quantitative changes in demand. There do not appear, however, to have been any variations in demand or in the techniques of manufacture which have necessitated large investments by the industry in machinery or equipment such as occurred in the early postwar years, when the demand for highly decorated cloths woven with pre-dyed yarns made it desirable, indeed practically essential, for worsted manufacturers to install their own spinning equipment. Demand since 1954 has continued the trend of earlier postwar years: toward cloths much lighter in weight than those of the pre-war period. Consumers have continued also to show a preference for decorated cloths; in 1956 and 1957 this preference for highly-styled cloths seems to have been even stronger, especially in blends and all-wool woollen cloths.

In 1954, when the Board made its earlier survey of this industry, the Canadian market for wool cloth was in a depressed state. In 1953, there had been an encouraging rise in demand, checking a five-year decline. This recovery, however, was temporary; in 1954, the market, sharing the general recession of that year, fell again, to what proved to be the lowest point in the postwar years. As business in general improved in 1955, the demand for wool cloth rose, and shipments to the market in that year amounted to almost 36 million yards, seven million yards greater than in 1954. Most of the increase in yardage was shipped by domestic manufacturers, who supplied 62 p.c. of total shipments, the highest proportion of the market they had supplied in any year since 1951. Several factors appeared to favour the Canadian mills. In the late months of 1954, demand was shifting from decorated light-coloured cloths toward plain dark cloths, a change Canadian manufacturers correctly anticipated. At the same time, owing to the uncertainty of the immediate future, domestic clothiers preferred to stay close to the market, and not to order too much cloth from abroad too far in advance. Also, clothiers may have been waiting, at that time, to see if the Government would take any action regarding the tariff on imports of wool cloth. Whatever the reasons, clothiers in 1955 placed with Canadian mills most of the increase in their orders for all types of cloth — worsted, woollens and blends.

This buying policy, however, did not continue in 1956 and 1957. The total demand for wool cloth continued to increase, but at a much slower rate, and, in 1956, shipments increased by only two million yards. In the latter part of 1957, the market appeared to be losing its buoyancy, and although shipments in the first half

were slightly higher than in the first half of 1956, final figures of total shipments for the year will probably show a levelling off in demand. In 1956 and in the first half of 1957, the demand for some cloths showed a definite shift to imported fabrics. As a result, domestic shipments declined and in the latter period Canadian manufacturers supplied only about 48 p.c. of the total amount of wool cloth shipped to this market. In contrast, imported supplies rose by more than four million yards in 1956 and by nearly two million yards in the first half of 1957. In the former year, most of the increase in imports came from United Kingdom mills, which supplied just over 40 p.c. of the market. In the first half of 1957, countries other than the United Kingdom, chiefly Italy, supplied most of the increase in imports, and about 13 p.c. of total shipments.

#### All-Wool Woollens and Blends:

It is significant that virtually all this shift to imported cloths since 1955 has been in the demand for all-wool woollen cloths and blends. Consumers have been demanding garments made of "highly-styled" - that is, highly-decorated - cloths. In men's wear, overcoatings and jackets of tweed have been extremely popular, and in women's wear this fashion has extended from these higher-priced cloths to cheaper blends known as "tweedies". Seeking for exclusive cloths and for greater variety in their price ranges, manufacturers of garments have bought more widely, and have increased their purchases from overseas mills. In the case of all-wool woollen cloths, these purchases have represented a definite shift in demand, shipments from Canadian mills decreasing as those from other countries increased. With blends, however, the situation has been different. Canadian consumers buying clothes in the medium to low-price ranges have shown in recent years a strong preference for cloths recognizable as wool, rather than for competing synthetic cloths. As a result, clothing manufacturers in these price ranges have been using increasing quantities of blends, and shipments of these cloths to the Canadian market doubled between 1954 and 1956. Canadian and United Kingdom cloth manufacturers have shared in meeting this demand, chiefly in plain fabrics; Italian manufacturers seem to have been supplying most of the "fancies". Domestic manufacturers have found it increasingly difficult to meet the prices of these overseas competitors, and, according to the evidence of garment manufacturers, have been unable to compete with the "high-styling" of Italian manufacturers in the low-price ranges of these cloths. Since the majority of wool blends in Canada are made in woollen (as distinct from worsted) mills, the increase in the shipments of blends from Canadian mills has compensated in part for the fall in orders for all-wool cloths. However, manufacturers claim that in 1957, overseas competition has been more intense, resulting in a further decline in orders placed with domestic mills. The continued rise in imports of blends from the United Kingdom and from Italy in the first eight months of 1957, and the evidence of garment manufacturers of their continued purchasing of these imported fabrics, would tend to confirm this claim.

### The Situation in Worsteds:

In contrast with this expansion in the market for blends, the demand for worsteds has remained fairly steady, at about the 1954 level. Canadian mills enjoyed a slight increase in 1955. Up to the end of 1956, shipments from the United Kingdom showed no recovery since 1954: Canadian mills supplied 54 p.c. of the market, compared with 38 p.c. in 1952 and 49 p.c. in 1954. According to reports, this worsted market showed some improvement in 1957, in which Canadian and United Kingdom mills shared. Domestic worsted manufacturers claim that they have been able to hold their place in the market since 1954 because their styling has been signally successful in catering to the demand for extreme and almost exaggerated fancy styles in cloths within their price range — about \$3.00 to \$4.25 per linear yard. This experience has been contrary to that of earlier years, when styling was more conservative.

These movements are summarized in the following table. Shipments of the various categories of cloth should be regarded only as approximate indications of the market for those cloths. Owing to the difficulty of securing accurate classification of all cloths, especially of imported fabrics, these divisions of the market are somewhat arbitrary:

Apparent Canadian Market for Fabrics Containing Wool

million linear yards

	Canadian Ship- ments to Civilian Market	Exports from the U.K. to Canada	Imports from Coun- tries other than U.K.	Total Civi- lian Market	Per cent Supplied by Can. Mills	Per cent Supplied by the U.K.	Per cent Supplied by other Countries
<u>ALL CLOTHS</u>							
1935-9	16.3	11.4	.2	27.8	58.6	40.8	.8
1946-9	29.8	12.6	1.7	44.0	67.8	28.7	3.8
1950	27.9	12.2	1.1	41.0	68.0	29.7	2.8
1953	20.7	15.1	1.1	36.8	56.1	41.1	3.0
1954	16.6	11.4	.9	28.9	57.7	39.7	3.2
1955	22.3	12.2	1.3	35.7	62.4	34.2	3.7
1956	20.2	15.2	2.6	37.9	53.2	40.2	6.8
1st half							
1956	10.1	7.5	1.1	18.7	54.0	40.2	6.0
1957	9.5	7.3	2.6	19.8	47.7	39.5	13.0
<u>ALL-WOOL WORSTEDS</u> (estimated market)							
1953	4.9	6.3	.5	11.7	41.9	53.8	4.3
1954	4.1	3.9	.4	8.4	48.8	46.4	4.8
1955	5.1	3.5	.4	9.0	56.7	38.9	4.4
1956	4.6	3.5	.5	8.6	53.5	40.7	5.8
<u>ALL-WOOL WOOLLENS</u> (estimated market)							
1953	10.7	6.2	.4	17.3	61.9	35.8	2.3
1954	9.0	5.0	.4	14.4	62.5	34.7	2.8
1955	12.1	5.3	.5	17.9	67.6	29.6	2.8
1956	9.3	6.6	1.0	16.9	55.0	39.1	5.9
<u>WOOL BLENDS</u> (estimated market)							
1953	5.0	2.7	.3	8.0	62.5	33.7	3.8
1954	3.5	2.6	.1	6.2	56.5	41.9	1.6
1955	5.1	3.4	.2	8.7	58.6	39.1	2.3
1956	6.4	5.0	1.3	12.7	50.4	39.4	10.2

Sources: See Appendix - Table I.

Note: Total shipments exceed the total of worsted, woollen and blend shipments, partly because no allowance is made for re-exports of these cloths, and partly because of the arbitrary calculations of these divisions.



Two points, needing further examination, emerge from this brief survey of the wool cloth market:

1. Since 1954, the total demand for wool cloth in Canada has increased by approximately 30 p.c. Most of this increase has been in the market for blends, the demand for all-wool woollens increasing to a lesser extent, and that for worsteds remaining comparatively steady.
2. In 1955, this increase in demand led to a marked improvement in the Canadian wool cloth industry. More recently, although their shipments are still at a higher level than in 1954, Canadian manufacturers have lost and are still losing ground, chiefly to British and Italian competitors, and particularly in the markets for blends and woollen cloths.

#### The Demand for Wool Cloth:

In the brief submitted to the Board, the Primary Textiles Institute, speaking for the wool-cloth industry, suggested that the expansion in the Canadian market for wool cloth has been due chiefly to two factors: the increase in population, especially in the adult population through immigration; and the increase in the number of families or spending units with higher incomes. There can be little doubt that both these factors have contributed to this increase in demand. However, in view of the fact that most of the increase has been in the demand for blends, it seems more likely that the most important influence has been the fall in the price of wool, especially in relation to the price of synthetic fibres. Further factors have been the improvement in the quality and styling of blends, and the wider acceptance by consumers of such cloths.

In 1952 and early 1953, the price of wool rose from the low point to which it had collapsed after the Korean crisis. In the following year it began to move downward again, and in the fall of 1955 reached its lowest level since 1949, about 40 p.c. below that of the spring of 1953. In late 1956 and in 1957 it rose again, but weakened in the fall of 1957. Over the same period, prices of synthetic fibres, as indicated by the index of rayon prices, have been fairly steady — declining by about five p.c. between 1953 and December, 1955, and thereafter rising slightly.

While wool prices were falling, between the spring of 1953 and the fall of 1955, prices of wool clothing showed practically no change; indeed, these have remained near their 1952 level during the past six years. This stability in the prices of clothing does not appear to reflect the fall in the price of wool which has resulted in consumers, in recent years, increasing their demand for wool cloth. In explanation it may be said that it is the policy of garment manufacturers to limit their individual lines of production to garments which will sell within certain well-defined price ranges. This is a highly competitive industry, and

each manufacturer, having secured for his product a place in the market in a definite price range, is thereafter most reluctant to vary the prices of his garments to an extent which would take them outside that price range. Within this range, he makes garments of differing qualities, and when changes occur in his costs, he will, if possible, vary these qualities rather than his price. For example, when rising wool prices in 1950-51 forced up the prices of wool cloth, some manufacturers, rather than raise the prices of their garments, switched to cheaper cloths — to all-synthetic cloths or to wool blends. It was at this time that cloth manufacturers began to use the cheaper, synthetic fibres extensively, blending them with wool fibres to produce cloths that were cheaper than all-wool cloths. Conversely, when the price of wool falls, the clothing manufacturer, rather than lower the prices of finished garments — thus placing them outside his niche in the market — will tend to increase the number of better-quality cloths used in making garments included in that range. Keen competition in the clothing industry forces him to improve the quality of his range, thus passing on to the consumer, at least to some degree, the effect of lower wool prices. This would appear to explain to a large extent the increased demand for all-wool and blended cloths in Canada since 1954.

In evidence to the Board, garment manufacturers stated that, to meet the strong preference which consumers have shown in recent years for wool cloth in warm outer garments, they have sought to use as much as possible of this cloth within their respective price ranges, the proportion used depending on the relative prices of wool and synthetic fibres. In some ranges, clothiers have increased their proportion of all-wool cloths; in others, usually in lower price ranges, they have switched a proportion of their cloth purchases from synthetic fibres to wool blends. Not an unimportant factor in this switch has been the availability of suitable blends, not only at prices competitive with those of synthetic fabrics, but of a quality and style acceptable to consumers. This movement from all-synthetic cloths to wool blends, and the wider use of all-wool fabrics, illustrates the increasing elasticity which the use of competing synthetic cloths has introduced into the demand for wool cloth. No evidence was submitted to the Board indicating any further displacement of wool fabrics by synthetics in recent years, except in those areas — such as automobile upholstery fabrics, snow-suits, windbreakers, etc. — where synthetics had already, in 1954, gained most of the market.

The effect of the fall in the price of wool does not appear to have had the same effect in the market for worsteds as in that for other wool cloths. Most of the worsted cloth sold in Canada is used in making men's suits, and any improvement in the quality of cloths in worsted suits in various price ranges resulting from the fall in the price of worsted cloths does not seem to have caused Canadian men to buy more suits. One clothier, who, during the period of high wool prices, had used no all-wool cloth in his plant, reports that he is now using a considerable amount of all-wool worsted cloth for suits. But, whatever switching there may



have been from synthetic cloths, the production of all-wool suits has declined steadily since 1954. At the same time, the production of all-wool pants has increased. These statistics suggest that Canadian men have adopted more widely the wearing of jackets and pants rather than suits, with a resulting decline in the total sales of worsted cloths.

A recent development in cloths for men's wear has been the blending of worsted yarns and Terylene (Dacron) to produce a cloth similar to worsted. The hard-wearing properties of this cloth and its ability to take a heat-set make it particularly suitable for the manufacture of pants. Since Terylene is still an expensive fibre, this cloth, unlike most other blends, will not displace all-wool cloths by reason of lower price; it will do so if it should prove to be more suitable and therefore more acceptable to consumers for certain garments. As yet, this cloth is being made by worsted mills, and only small quantities have been sold in Canada, chiefly by Canadian mills, for pants and some summer suitings. If and as this cloth displaces all-wool worsted cloth, the result probably will be more variation, rather than a reduction in shipments from worsted mills.

#### Competition from Great Britain:

Until quite recently, Canada has, for many years, been the largest single export market for wool cloth from the United Kingdom. In the United Kingdom exporter, the Canadian manufacturer faces an experienced competitor who has established an excellent reputation for his cloths, and who is as sensitive as the Canadian producer to changes in the demands of Canadian consumers. In the period 1948-1953, when the Canadian demand for wool cloth was declining, British exporters were able to recapture the ground they had lost in the Canadian market during the war and early postwar years, and in 1953 they shipped to Canada 15 million yards of cloth, 41 p.c. of the total supplies in this market. In the following year, as we have seen earlier, exports of United Kingdom cloth to this market fell by nearly four million yards. Since then, they have increased, and since 1956 United Kingdom exporters have been supplying about 40 p.c. of the market. All this increase has, however, been in the market for woollens and blends. Contrary to their success in the years 1948-1953, when they increased their share of the market by 23 p.c., exporters of all-wool worsteds have lost ground, almost entirely to domestic manufacturers. In the market for all-wool woollens, all the increase in United Kingdom exports has been in cloths weighing over eight ounces per square yard (about 13 ounces per linear yard) and according to Canadian import statistics this increase has been chiefly in overcoatings and tweeds. In 1956, Canadian imports of British overcoatings (largely of tweed-patterns) exceeded 1.1 million pounds, the highest amount since pre-war years, and in the first six months of 1957 they were double the amount imported in the same period of 1956. Similarly, imports of tweeds from the United Kingdom have reached their highest postwar level, amounting to 2.3 million pounds

in 1956 compared with 608,000 pounds in 1954; imports of these cloths continued at a high level in the early months of 1957.

In postwar years prior to 1954, United Kingdom exporters had sold relatively few blends of wool and synthetic fibres in the Canadian market. Since then, however, United Kingdom manufacturers, like manufacturers of woollens elsewhere, have increased their production of such blends and their sales of these cloths in Canada have doubled since 1954. Canadian manufacturers claim that United Kingdom producers have more advantage over domestic mills in this field than in all-wool cloths to the extent that the price of synthetic fibres is lower in the United Kingdom than in Canada. Up to the present, Canadian producers appear to be holding their own against the United Kingdom in the market for blends, though in the cheaper blends both countries appear to be suffering strong competition from Italy.

In its submission to the Board, the Canadian industry made no reference to movements in prices or costs which may have lessened the disparity in costs between British and Canadian producers since 1954. In its previous Report, the Board confirmed the industry's claim that labour costs, the most important item in a wool-cloth manufacturer's conversion costs, were substantially higher than those in the United Kingdom. The Board has made no attempt, in this survey, to investigate changes in labour and other costs, but no evidence was submitted indicating any major change in this short period — through automation, labour-saving devices or efficiency — in either country which would have changed the relationship of British and Canadian costs. It should, however, be noted that in this period pressures in the United Kingdom have probably resulted in an increase in British manufacturers' costs greater than the increase in Canadian costs. Average hourly earnings of wool textile workers in the United Kingdom between April, 1954 and April, 1957, rose by slightly more than 20 p.c., while those of Canadian wool cloth workers rose in the same period only by slightly more than seven p.c. In addition, the general level of prices in the United Kingdom has risen since 1954 by about 10 p.c. while that in Canada has risen by only five p.c., indicating that inflationary pressures on overhead costs in the United Kingdom have been stronger than in Canada. While these factors may well have lessened to some extent the disparity between British and Canadian conversion costs, there can be little doubt that Canadian costs are still higher than those of United Kingdom manufacturers.

The ad valorem equivalent of the duties paid on British cloths entering Canada has shown a slight increase since 1954:

British Preferential Tariff - Item 554b - Actual Duty  
as Percentage of Value for Duty

Year	Total Imports per cent	Flannels per cent	Over- coatings per cent	Tweeds per cent	Worsted & Serges per cent
1953	14.9	18.1	17.9	19.6	14.0
1954	14.4	17.0	17.7	18.7	13.4
1955	15.4	16.8	18.4	18.9	14.2
1956	16.3	15.8	19.3	18.9	15.3

Several factors have contributed to this increase since 1954 in the ad valorem equivalent of the duty, but owing to the lack of detailed statistical information as to the weights and prices of imported cloths it is impossible to tell which factors have been of most importance. In part, the increase was due to the decline in the prices of all-wool wool cloths: by June, 1955, prices of woollen cloths were almost 13 p.c. below the 1954 level; but then rose, and in 1956 were only slightly below the 1954 level; worsted cloth prices fell gradually from 1954 to 1956, by nine p.c. The average value per pound of wool cloth imports fell in these years by 13 p.c. (see Appendix A, Table XXI) although that of some categories of cloths rose — flannels, by 22 p.c., tweeds, by seven p.c. In contrast, overcoatings fell by 18 p.c. and worsteds, by 13 p.c. This would seem to indicate that part of the rise in the ad valorem equivalent of the duty was, therefore, due to factors other than price movements. The greater decline in the value per pound of overcoatings, as compared with the fall in wool cloth prices, suggests that, in the imports of these cloths, there was in 1956 a greater proportion of cheaper cloths, or a greater proportion of heavier cloths, or both. Almost all overcoatings are all-wool fabrics; but, in other categories of cloths, increase in the proportion of imports of blends — which are, in most cases, lower in price than all-wool cloths of similar type — has probably been a significant factor in the increase in the ad valorem equivalent of the duty. Another influence may have been the inaccurate statistical classification of cloths; there appears to be considerable evidence that this may have been an important factor in increasing the average duty per pound on worsted and serges. Canadian statistics show that there has been an increase — from 5.9 million pounds in 1954 to 7.7 million pounds (Appendix A, Table XXI) in 1956 — in imports of worsteds and serges, from the United Kingdom. Statistics of the United Kingdom, however, indicate that exports of all-wool worsteds and worsted blends from that country to Canada fell in these years from 5.8 million square yards to 5.6 million square yards. This indicates some inaccurate statistical classification, and since about half of British exports to Canada weigh less than half a pound per yard, the Canadian import statistics re worsteds must include many cloths which are neither all-wool worsted nor worsted blends.



It should be clearly understood that the duty paid per pound on imports gives no indication as to the duty paid per linear yard on each cloth — except, of course, when the duty per pound relates to a cloth weighing exactly 16 ounces per linear yard. No statistical evidence to show the change in the duty per linear yard is available. It is not possible to tell how many cloths imported from the United Kingdom are subject to the compound duty of 20 p.c. and 12 cents per pound, and how many pay the maximum duty of 50 cents per pound. In the latter group, the duty per linear yard depends on the weight per linear yard of the cloth. The trend in the demand in recent years for lighter cloths has been an important factor in lowering the duty per linear yard:— the lighter the cloth per yard, the more yardage can be imported per pound. For the Canadian worsted industry this has been particularly important, since a large proportion — possibly as much as 85 p.c. — of the worsted imports from the United Kingdom pay the maximum rate of 50 cents per pound. In recent years there appears to have been an acceleration of the trend in imports of worsteds toward lighter cloths. In 1953, Canada imported 9.0 million square yards of worsted cloth from the United Kingdom; of this, 6.5 million yards (72 p.c.) weighed more than eight ounces per square yard (12.9 ounces per linear yard), and 2.5 million yards (28 p.c.) weighed under eight ounces per square yard. In 1956, total imports of these fabrics were 5.1 million square yards, of which three million yards (59 p.c.) weighed over eight ounces per square yard and 2.1 million yards (41 p.c.) were lighter fabrics. This change in the weight per yard of these imports has had a definite effect in lowering the ad valorem equivalent of the duty per linear yard of worsted cloth imported from the United Kingdom.

The following table shows the variations in the proportions of wool cloth of different weights in British exports to Canada since 1953:

United Kingdom Wool Cloth Exports to Canada

	All-wool Woollens			Woollen Mixtures		
	ounces per square yard					
	over 12	8-12	under 8	over 12	8-12	under 8
	per cent of total			per cent of total		
1953	16	46	38	20	48	42
1954	15	46	39	9	44	47
1955	15	52	33	12	47	41
1956	20	52	28	21	45	34
1957						
1st half	23	44	33	21	39	40

All-wool Worsteds

Worsted Mixtures

ounces per square yard

	<u>over 12</u>	<u>8-12</u>	<u>under 8</u>		<u>over 12</u>	<u>8-12</u>	<u>under 8</u>
	per cent of total				per cent of total		
1953	1	71	28		13	50	37
1954	1	68	31		3	57	39
1955	1	59	39		3	55	43
1956	1	57	41		2	47	51
1957							
1st half	1	44	55		5	43	52

Contrary to these changes in worsteds entering Canada from the United Kingdom, the proportion, in total exports, of woollen cloths weighing more than eight ounces per square yard has increased from 62 p.c. (5.3 million square yards) in 1953 to 72 p.c. (6.6 million square yards) in 1956, while the proportion of lighter cloths has decreased from 38 p.c. (3.2 million square yards) to 28 p.c. (2.6 million square yards).

In spite of the total increase in exports of wool cloth to Canada in each year since 1954, the United Kingdom has been supplying a decreasing proportion of Canada's wool cloth imports. In 1954, imports of wool cloth from the United Kingdom accounted for 92 p.c. of total imports from all countries; in the first half of 1957, the United Kingdom supplied only 75 p.c. In these years, imports of wool cloth from a number of countries increased (Appendix A, Table XIX). Of particular interest were increases in imports from Eire (30 thousand yards in 1956 — a response to the demand for tweeds) and from Japan (41 thousand yards — the first significant indication of Japan's interest in Canada's wool textile market). But the most spectacular increase was in imports from Italy, which rose from 232,000 pounds in 1954 to 1.4 million pounds in 1956, nine p.c. of total imports. In the first eight months of 1957, when imports from the United Kingdom were only slightly higher than in the same months of 1956, imports of wool cloth from Italy were 2.8 million pounds compared with 856,000 pounds for the same period of 1956. Since total shipments in this period were reported to be only slightly higher than in the same period of 1956, United Kingdom, as well as Canadian, manufacturers appear to be losing some ground in the Canadian market to Italian competitors.

Competition from Italy:

Prior to 1955, Italy usually sold between 200,000 and 250,000 linear yards of wool cloth per annum in Canada. The sudden expansion of these sales in 1956 and their continued increase in 1957 has caused considerable concern among Canadian manufacturers of wool cloth. In the summer of 1957, the industry sent representatives to Italy "to survey the current position ... (and) to

assess what further competition may develop between the Canadian and Italian industries in the Canadian ... market." The industry made available to the Board, and to all parties represented at the hearing, copies of this report. The report and comments thereon by the Italian delegation have greatly facilitated the Board in understanding the wool textile situation in Italy, and the development of the Italian export trade in wool cloths to Canada.

For centuries, Italy has had a well-established wool textile industry. The war caused serious disruption in this industry, and during the period of reconstruction it was able to meet only the domestic demand for wool cloth. In the last five years, however, the capacity of the industry has enabled Italy to extend her sales to other countries. In this period, Italy has become one of the major wool textile exporting countries in the world, and her exports of wool fabrics have shown continual increase year by year. It is reported that in the first half of 1957, they were 40 p.c. greater than in the same period of 1956. Most of the expansion in export markets has been in Europe. In 1956, Italy sold about 60 million yards — approximately 80 p.c. of her total exports of wool cloth — in that market, chiefly to Germany, Great Britain and France. Her sales to the North American market were less than five p.c. of her exports, Canada buying much less than one p.c. (1.4 million pounds). In 1957, Italy continued to expand her sales to Canada, but it is unlikely that in 1957 she supplied more than 10 p.c. of our total imports of wool cloth. According to evidence received by the Board, most of these purchases by Canada have been woollen cloths, with only a small proportion of worsteds. Italian statistics show a growing proportion of blends in her exports of wool fabrics to Canada — 40 p.c. in 1955 and 57 p.c. in 1956, and, between 1955 and 1956, the value per pound of these exports decreased considerably — in all-wool cloths, from \$2.45 to \$1.85 per linear yard, and in blends from \$3.18 to \$1.32 per linear yard (see Canadian Industry Brief, page 13). These statistics suggest that with the rapid increase in the volume of exports to this market there have been increasing sales of cheaper fabrics in both blends and all-wool woollens.

The ability of Italian exporters to compete with Canadian producers of wool cloth depends on the skilful use of cheap raw materials and the lower costs of Italian manufacturers. The largest proportion of a woollen cloth producer's costs is that of raw material. The Prato woollen industry, which makes most of the Italian exports of woollen cloth, uses virtually no new wool and very little of other new raw materials. This gives it a definite advantage over most Canadian producers, who use a high proportion of virgin wool. Prato has become an important rag centre, and Italian manufacturers are showing great skill in using rags and waste to produce cloths — most of which sell in the low-priced ranges. Throughout all the processes of manufacture, great care is taken to make the most effective use of the cheap type of raw materials. A further advantage is the ample supply of both skilled and unskilled labour. Prato has been a woollen manufacturing centre for a very long time, and much of this labour supply has the traditional skills for all processes, from sorting to finishing.



The costs per hour of labour to Italian manufacturers — which include wages, fringe benefits such as bonuses, vacation pay, etc., and social security charges — although not particularly low by European standards — are substantially lower than those of Canadian producers. Generally speaking, the Italian manufacturer uses his skills and techniques to produce cloths which give him the greatest advantage in the low-priced field. In the Canadian market, much of his success has been due, not only to the lower prices of his cloths, but also to his styling, which seems to have been especially suited to the recent demand for highly-styled cloths for women's wear. From exhibits produced at the hearing, it would appear that Italian exporters have been most successful with fancies and dark, plain cloths, and that Canadian manufacturers have met competition in the more expensive cloths of light, plain colours. There can be little doubt that appearance on the Canadian market of these low-priced, highly-styled Italian cloths has been an important influence in extending the market for woollen cloths, especially among the low-income group of consumers. It still remains to be seen whether or not the Italian success in this market will be of a permanent nature, particularly if and when the fashion for fancies is replaced by a demand for brightly-coloured plain cloths.

### PART III

#### THE CANADIAN WOOL CLOTH INDUSTRY 1955-1957

Wool cloth is made in Canada in 54 mills. According to the 1956 classification of the Dominion Bureau of Statistics, 46 of these are in the wool cloth industry, but only in 36 is wool cloth the major item of production. In 1956, this latter group shipped 16.6 million yards of this cloth. The other 10 mills in the industry, which manufacture a variety of wool products, shipped only 389,000 yards of wool cloth. The remaining eight mills, all in other industries, shipped 3.8 million yards, or 18 p.c. of total shipments of wool cloth. It is of interest that shipments of wool blends from synthetic mills have decreased from their peak of 2.9 million yards in 1951, the time of high wool prices, to 214,000 yards in 1956.

#### Total Shipments of Wool Cloth from Canadian Mills thousand linear yards

	From the wool cloth industry	From the synthetic industry	From other industries	Total Shipments*
1953	18,551	749	1,798	21,078
1954	14,548	331	1,847	16,727
1955	19,621	343	3,015	22,979
1956	16,974	214	3,549	20,737

\*including shipment for military orders.

In 1955, civilian shipments of wool cloth from Canadian mills increased by 5.7 million yards. In 1956, although total shipments to the Canadian market were greater, those from domestic mills fell by just over two million yards. Preliminary figures for 1957 indicate a further decline of more than one million yards.

As a result of the increased orders received in 1955, the Canadian industry experienced a substantial recovery from its depressed condition in 1954. Inventories of finished products were reduced, production and employment increased, and more, though not all, firms made profits on the year's operations. Statistics of employment (see Appendix A, Table VIII) indicate that business in the wool cloth industry began to improve in the fall of 1954. (It should be noted that these statistics cover between 80 p.c. and 85 p.c. of the workers employed in the manufacture of wool cloth. They refer only to employees in firms making wool cloth in the wool cloth industry and employing over 15 workers. Practically all the 46 firms producing cloth are covered, so that some workers making other products may be included. The statistics do not include workers making wool cloth in other industries.) In June, 1954, employment in the wool cloth industry had fallen to its lowest point in the postwar era, 5,170 workers, and those employed worked, on the average, only 40.3 hours per week, compared with 43.8 hours in June, 1953. In the fall months, employment began to increase and working hours lengthened. By August, 1956, 6,834 workers were employed, working on the average 42.4 hours per week. Unfortunately, during 1956 several firms changed their method of reporting employment in their plants; for that reason, this figure of employment in that year may underestimate slightly the increase in employment between 1955 and 1956. Since the fall of that year employment has decreased. In August, 1957, there were 6,371 people working in these plants. In the fall months, however, conditions in the industry deteriorated and the rate of the decline in employment increased; by November, there were in this industry only 5,729 employees, averaging 41.5 hours of work per week.

These statistics, related to those of shipments in the above table, suggest an improvement in efficiency in the industry since 1954. Average employment in that year was about 6,300 workers who worked on the average 42.4 hours per week, and the industry shipped 14.5 million yards of cloth; in 1955, employment averaged 6,600, an increase of about five p.c., and these employees worked, on the average, 43.25 hours per week, about two p.c. longer hours than in 1954. Shipments in 1955 amounted to 19.6 million yards, an increase of 35 p.c. Since only a small part of shipments in that year seem to have come from inventories, there was a substantial increase in the amount of cloth shipped per worker. Due to the change in the method of reporting employment, this comparison cannot be continued for 1956. However, statistics of employment and shipments received by the Board for a representative group of woollen and worsted firms indicate a slightly higher amount of cloth shipped per worker from these mills in 1956 than in 1955. The Board has not received sufficient evidence on other factors of production,

such as changes in the types of cloth produced, etc., to indicate whether or not there has been during this period an increase in productivity per worker.

Workers in this industry earned, on the average, 103.5 cents per hour in 1954, 104 cents in 1955, and 105.9 cents in 1956. During the first eleven months of 1957, as orders fell off and manufacturers reduced the number of employees, average earnings per hour rose, to 115.6 cents per hour, reflecting the usual practice in a period of falling employment, of retaining the more skilled workers. In spite of these higher earnings, wool textile workers continue to be one of the lowest paid groups in Canadian manufacturing. A comparison of weekly wages shows that in 1956 the average weekly wages for workers in the "Woollen Goods" industry, of which wool cloth workers are a part, was \$46.4 (about five p.c. higher than in 1954) while that for workers in all manufacturing industries was \$62.3 per week (nine p.c. higher than in 1954). Only workers in the clothing (textile and fur), leather products, and cotton yarns and broad woven goods industries are receiving lower weekly wages than wool textile workers.

#### Closed Mills and Unemployment:

In its previous Report on this industry, the Board stated that "further mortalities (among wool cloth mills) would seem inevitable". Since that time the following mills have been closed:

Thoburn Woollen Mills, Almonte - closed March 1955  
 Horn Textile Sales, Lindsay - closed April 1955  
 St. John's Textile Mills Ltd., St. Jean - closed May 1956  
 La Filature d'Abitibi, Amos - closed August 1956.

These mills closed at a time when the industry was experiencing some recovery, and when the economy as a whole was expanding. As a result workers who lost their jobs when these mills closed seem to have been able to secure other employment.

Since the Board held its hearings in November 1957, reports indicate a sharp increase in the number of unemployed wool cloth workers, and at present unemployment among these workers appears to be much more serious than at the time of the Board's last report (Feb. 1955). It is, however, impossible to tell exactly how many wool cloth workers are seeking work. Unfortunately the statistics of the Unemployment Insurance Commission do not distinguish between synthetic, cotton and wool primary textile workers, and in some areas there are both wool and other textile mills. Moreover, some of the wool textile workers may have lost their jobs in wool textile mills other than wool cloth mills. Most of the textile plants in the following areas are wool mills, so that most of the primary textile workers unemployed and registered with the Unemployment Insurance Commission are probably wool textile workers. There is at least one wool cloth mill in each of these areas, and since the latest employment statistics indicate a falling trend in employment in these factories, some of these workers will doubtless be wool cloth workers.



Unemployed Primary Textile Workers - January 1958  
(skilled and unskilled)

Town	Male	Female	Total
Simcoe, Ont.	21	32	53
Brantford, Ont.	160	213	373
Galt, Ont.	142	311	453
Peterborough, Ont.	62	65	127
Perth, Ont.	38	54	92
Carleton Place, Ont.	86	80	166
Trenton, Ont.	1	35	36
Ville St. Georges, P.Q.	60	82	142
Moncton, N.B.	19	31	50

In these areas there are at present only a few jobs available. Most of the wool cloth mills in these areas, except Trenton, are woollen mills. In recent months, these mills rather than worsted mills seem to be feeling the full effect of the falling off in demand as well as competition from overseas.

In the following areas, it is impossible to distinguish between wool, synthetic and cotton primary textile workers who are seeking work.

Unemployed Primary Textile Workers - January 1958  
(skilled and unskilled)

	Male	Female	Total
Valleyfield, P.Q.	154	340	494
Granby, P.Q.	162	198	360
Sherbrooke, P.Q.	422	361	783
Victoriaville, P.Q.	206	185	391
Toronto, Ont.	216	739	955
Vancouver, B.C.	21	97	118

Although these areas have a greater diversity of industry than the smaller towns, there are few opportunities for textile workers in these areas at present. In some areas mills report no vacancies.

Financial Position of the Wool Cloth Industry:

The wool cloth industry submitted to the Board, at its recent hearings, composite statements showing the financial position of 19 wool-cloth companies for the years 1950-1956. Seventeen of these companies had been included in the list of 23 companies whose financial statements the Board had examined in 1954. (Of the remaining six companies, three had closed, and three others were not producing wool-cloth as their major product.) Figures relating to two additional companies which had not submitted reports at the last hearing were included in the current statements. The Board has also received and examined the individual balance sheets and profit and loss accounts -- in practically all cases, audited

statements — of these 19 companies, and in addition the financial statements of some other producers of wool cloth, not in the wool cloth industry. For the composite statement showing the sales and profit and loss of the 19 companies see Appendix B. These companies have in recent years shipped about 57 p.c. of the total shipments of wool cloth from all Canadian mills, and about 65 p.c. of the shipments by the wool cloth industry.

Judging by the operations of these 19 companies, it may be said that, generally speaking, the industry as a whole has slightly improved its financial position since 1954, which was the worst year these 19 companies had experienced since 1951, the year of the collapse of wool prices. In all the years 1951-1954, these companies (as a group) showed losses before making any allowance for depreciation. In 1955 and 1956, they increased their shipments of wool cloth; receipts from sales (this included receipts from the sale of all products as well as wool cloth) also rose; in 1955, they showed a small profit after some allowance for depreciation; in 1956, they increased the allowance for depreciation and showed a small loss. This recovery of 1955-1956, however, was not sufficiently strong to restore financial stability. Indeed the report of lower shipments in 1957 suggests that it gave only a temporary fillip. Some firms did not even share in the improvement of these two years, and it is probable that there will be further mortalities. An indication of the declining position of this industry in the economy is given by the following comparison of its earnings since 1950 with those of all manufacturing companies as published by the Department of National Revenue:

Percentage of Net Profit (before taxes) or (Loss) to Sales

	<u>19 Wool-cloth Companies</u>	<u>Manufacturing Companies</u>
	per cent	per cent
	—	—
1950	7.5	10.1
1951	(2.5)	10.1
1952	(1.7)	8.4
1953	(2.5)	8.0
1954	(2.3)	6.4
1955	.1	7.4
1956	(.1)	n.a.

In its previous report, the Board analysed, in some detail, the financial position of a group of 11 companies which had made losses in two or three years between 1950 and 1953: six of these companies were then considered to be in a precarious financial position. Only one of these 11 companies, a small worsted producer, has been able in the intervening years to recover financial stability. Of the remaining 10, three have closed; three are no longer wool-cloth mills, having switched their production to more profitable wool products; one worsted mill, though showing some profits, is



still in a fairly serious state. The financial position of the remaining three mills, one of which is a public company, Dominion Woollens and Worsteds, Ltd., had deteriorated still further in the period 1954-56. These three mills have continued to incur losses every year, and have made no allowances whatever during this period for depreciation of their plants and equipment. Two of these companies had, in 1951, very substantial reserves; virtually all these reserves have been used up, and their liquid position is now unsatisfactory.

In forming its opinion as to the financial state of the wool-cloth industry, the Board has relied on the individual statements of these companies rather than on a composite statement. Since all but two are private companies, and financial information available to the Board is confidential, reports on individual companies cannot be made. As would be expected, not all parts of the industry, and not all companies, have been affected to the same degree, or even in the same way, by changes in the market for wool cloth. To give some indication of some of the diversity in the financial effects of market changes in recent years, the Board has divided these companies into three groups: those producing worsteds, those producing woollens, and those producing both types of cloth.

#### The Worsted Industry:

As has already been noted, the market for worsted cloth has shown little variation since 1954 — only a slight increase in 1955 and a return almost to the 1954 level in 1956. According to the evidence of representatives of the men's fine clothing industry, the chief purchasers of worsteds, domestic cloth producers have in recent years secured 80 p.c. of the Canadian market in the price range \$3.00-\$4.25 per linear yard. The chief reason given by the clothiers for this success has been the marked improvement in styling and merchandising by domestic manufacturers. In this price range, Canadian cloths are now comparable with British cloths in quality and price; in fancies, manufacturers give clothiers exclusive rights to cloths, and since 1954 they have been more successful in styling to meet the tastes of Canadian consumers. At the time of the Board's previous survey of this industry, Canadian worsted manufacturers appeared to be having great difficulty in meeting the competition from United Kingdom mills, and to maintain sales often had to sell their cloths at unsatisfactory prices. Judging by the recovery in the financial position of these companies since 1954, as shown in the following table, this situation has improved. The change may have been due in part to the rise in the costs of United Kingdom manufacturers, but much of it appears to have been due to increased efficiency and improved merchandising methods and management of the Canadian industry.

Statistics of a Group of Worsted Mills

	<u>Shipments</u>	<u>Sales</u>	<u>Working</u>	<u>Depreciation</u>	Net profit or loss before Taxes	Net Profit to Sales
	m. l. yds.	\$m	\$m	\$000	\$000	p.c.
1950	3.7	14.0	4.1	385	997	7.1
1951	3.6	15.4	2.0	342	-267	-
1952	3.5	13.2	1.8	266	-377	-
1953	3.3	12.1	2.3	120	5	-
1954	3.0	11.3	2.3	100	-83	-
1955	3.6	13.2	2.8	107	278	2.1
1956	4.1	13.9	2.8	222	334	2.4

The companies whose statements are included in the above table (and it should be noted that they are not all the same companies as were included in the statement on page 14 of the Board Report No. 116) manufacture probably about 80 p.c. of the total amount of worsted cloth made in Canada. Most of this is for the civilian market. Some of these companies also make blends of worsted yarns and other fibres, but these cloths are a small proportion of total production. The shipment figures include all cloths manufactured and the sales values cover sales of all products. In the years 1951-1954, these companies had a difficult time. After the losses incurred by the sudden fall of wool prices in 1951, they experienced a decreasing demand for their cloths. Substantial losses were incurred, resulting in the closing of five worsted mills (not included in the above Table). Only one company made profits in every year, and some companies were unable to allow adequate amounts for depreciation of their plants and equipment. In 1955 and 1956, all these companies improved their position, though the degree of recovery was by no means uniform. Employment in these mills rose steadily, and the number of yards shipped per worker increased each year: In 1956, it was five p.c. greater than in 1954. Total shipments of cloth and the value of sales also rose. Most of the firms have been able to build up their working capital, to make increased allowances for depreciation, and all firms have made capital outlays on plant and machinery. In these two years, all these companies showed some profits, though the financial condition of two firms still appears to be weak and unsatisfactory. The Board considers that due credit should be given to this section of the industry for the effort which most of these firms have made to meet competition in their market. It should be noted that in spite of their improved position, the net profit (before taxes) of these firms was still, in 1956, at a much lower level than that for all manufacturing companies.

### The Woollen Industry:

In considering this section of the industry, the markets for all-wool woollen cloths and blends should be considered as one. In the wool textile industry, most of the blends are made by woollen mills. As has already been pointed out, these mills no longer have strong competition in the market for blends from synthetic mills, which in recent years have made only a small and declining amount of these cloths. Since 1954, total shipments of all-wool woollen cloths and blends to the Canadian market have shown a steady increase, totalling nine million yards — woollen shipments rose by three million yards and those of blends by six million yards. About two-thirds of the increase, six million yards, occurred in 1955; of this, Canadian mills supplied 4.7 million yards (a rise of 3.1 million yards in all-wool cloths and 1.1 million yards in blends). In 1956, although total shipments of all-wool cloths fell, shipments of blends increased by four million yards, an increase of three million yards in total shipments of both types of cloth. In that year, sales of blends by Canadian woollen mills rose by 1.3 million yards, but their shipments of all-wool cloths fell by 2.8 million yards, so their total shipments declined by 1.5 million yards. In contrast, supplies of both types of cloth from overseas mills rose by 4.5 million yards — shipments of all-wool rising by 1.8 million yards and those of blends by 2.7 million yards. In spite of the decline in woollen shipments in 1956, domestic mills shipped about three million yards more cloth to the market than in 1954 (see Table "Apparent Canadian Market" in Part II). The increase in shipments has not, however, restored prosperity to this section of the industry; it has resulted only in a decrease in losses incurred.

#### Statistics of a Group of Woollen Mills

	<u>Shipments</u>	<u>Sales</u>	<u>Working</u>	<u>Depreciation</u>	Net profit or loss before Taxes	Net Profit to Sales
	m. l. yds.	\$m	Capital \$000	\$000	\$000	p.c.
1950	6.7	15.0	4,244	558	1,184	7.9
1951	5.5	22.5	4,548	424	845	3.7
1952	5.2	22.1	4,293	275	358	1.6
1953	5.2	13.5	3,208	212	-775	-
1954	4.7	11.8	2,693	90	-460	-
1955	5.4	13.8	2,331	145	-204	-
1956	5.5	14.9	1,765	160	-320	-

Statistics of all major producers of woollen cloths in the wool-cloth industry are included in the above table. In 1956, these companies shipped only about a third of all shipments of all-wool woollen cloth and blends from Canadian mills. It would seem that this is not as representative a group of companies as that in the analysis of the worsted section of the market. In the manufacture



of woollens, however, a much higher proportion of cloth than is the case with worsteds is made by companies outside the wool cloth industry as well as by a number of small mills, most of which did not submit their financial statements to the Board. As in the worsted mills, employment in the woollen factories rose in 1955 as orders increased, and more yards of cloth per worker were shipped than in 1954. In the following year, more workers were employed but shipments did not increase at the same rate. These companies have felt the full effect of price competition of imports and of the demand for highly-styled cloths and tweeds which together led to the clothiers switching purchases from domestic to imported cloths. There has, however, been a great diversity in the financial results of the operations of these mills - some losing ground rapidly while others have been able to increase their business. The majority of these companies made losses in 1954-1956 without allowing adequate, or in some cases any, depreciation. In contrast, the remaining companies were able to increase their allowance for depreciation to what seems to have been an adequate level; they have increased their working capital and made profits which gave them a good return on their investment. The lack of success of the majority of the companies cannot be attributed to any one factor, but in this industry the ability and efficiency of management is of major importance. Judging by their financial statements the condition of at least four companies in this group can only be described as precarious.

#### Woollen and Worsted Mills:

A small number of mills produce both woollen and worsted cloths. The composite statement of these companies is dominated by two large firms - Dominion Woollens & Worsteds Ltd. and the Paton Manufacturing Company - and is not published in this report. Some of these companies have specialized in the production of certain cloths for which they have found a special demand in the market, and in some cases this policy appears to have met with success. Some Canadian manufacturers have been criticized for their tendency to develop too wide a range of cloths in their individual mills, and in view of the weak financial position of some of the mills in this group there may well be some justification for this criticism. The Board has already referred to the serious financial position of Dominion Woollens & Worsteds Ltd. The financial statements of this company are available to the public as are those of Paton Manufacturing Co. In the last three years this latter company has shown considerable improvement in its operations as compared with the years 1953 and 1954. Sales have shown a steady increase, adequate depreciation allowances have been made each year, the company has maintained its plant and equipment, and remains in a good liquid position.

## PART IV

## FUTURE OF THE WOOL CLOTH MARKET IN CANADA

Before recording conclusions arrived at on the basis of evidence submitted regarding proposed changes in tariff items 554, 554a, 554b, and 554c, comment should be made regarding the future of the wool cloth market in Canada. The Board has difficulty in sharing the optimism of the industry, as expressed in its brief, that the rise in demand, both total and per capita, in the short period, 1955-1956, would continue and within a few years restore consumption of wool cloth in Canada to the 1948 peak of 47 million yards. There is no doubt that with increase in population, demand for wool cloth will eventually again reach and exceed the postwar level, but there is little evidence to indicate that this result will be achieved by any marked increase in per capita consumption in the immediate future. Per capita demand, which rose from 1.89 yards in 1954 to 2.36 yards in 1956 and which shows signs already, by early 1958, of decreasing again, is still well below the prewar level of 2.50 yards, and still further below that of 1948 — 3.78 yards per capita. Indeed, it may be argued that, individually, Canadians nowadays do not need as much warm clothing as formerly, and that the demand per capita — while likely to exceed that of prewar years — will be unlikely in normal circumstances to return to the unusual postwar levels. Certainly, increased urbanization, improved heating of public means of transport and of private cars, and better insulation and heating of houses are factors reducing the individual's need for warm clothing. Moreover, some warm clothes, usually for outdoor but in some cases for indoor wear, are no longer made of wool cloth. In addition, synthetic fabrics, by offering consumers additional choice and thus giving greater elasticity to the demand for wool cloth, have provided yet another factor tending at times to lessen the individual consumer's demand for such cloth. Furthermore, in spite of higher incomes, Canadians have shown in recent years little inclination to spend more on clothing. Since 1953, they have spent a growing proportion of their incomes on consumer durables, on transportation and other services and on various other items, and a decreasing proportion on clothing and personal furnishings — and wool clothing has shared in this decline. Two surveys by the Dominion Bureau of Statistics, in 1953 and 1955, of expenditures by families with incomes between \$1,800 and \$6,500, (representative of approximately 60 p.c. of Canadian urban families) showed a decline in those years in the amount of money spent per family on clothing made of wool cloth. These developments are not unique: similar tendencies in spending habits are evident in the United States. Wool cloth manufacturers in both countries are experiencing keen competition of other industries for the consumer's dollar. Also, they are probably feeling more acutely than other textile manufacturers the effects of the more casual and informal dressing of recent years, which has made it possible for consumers to have smaller wardrobes, and, especially, fewer suits and items of formal wear.

Taking into consideration all these factors, there seems to



be little likelihood of any major increase in the per capita demand for wool cloth in Canada in the near future. Price and fashion changes will produce swings in this demand, but only with increase in population will there be any definite long term expansion in the total market. This expansion may not be steady. An active immigration policy will bring increased demand; the coming of age of Canada's numerous war babies, with their adult needs for more clothing, may also be a factor stimulating demand. On the whole, however, the prospects for an immediate marked increase in the Canadian market are not very encouraging.

### Dilemma of the Producer:

What does this mean for the domestic producer? Even if he could anticipate supplying most of any annual increase, the rate of capital expansion necessary to supply such increased demand would be comparatively low. But, judging from his experience since 1954, he has been only partially successful in holding his market against his chief competitor, the United Kingdom; and, from his more recent experience since Italian competitors have invaded his market, the domestic producer faces a fairly gloomy future. Any substantial weakening of the competition afforded by either of these competing countries can hardly be expected. To the United Kingdom, the Canadian wool cloth market is still an important source of dollars; and the Italian producer, pleased with his recently expanded sales in this market, can be expected to make every effort to maintain them in the future. Canadian consumers, too, with their desires for changing styles and for great variety of patterns and cloths, play their part in making it necessary for clothiers to buy overseas as well as in the domestic market. True, Canadian consumers are not always the most discriminating of buyers; quite often, imported cloths — perhaps inferior in quality to domestic cloths — appear to have more appeal, to the detriment of the domestic producer.

The Canadian industry maintained that "by reason of the high cost of operation induced by our high standard of living, the wool cloth industry, without added assistance, cannot compete with imports from foreign (non-Canadian) countries enjoying lower production costs". The industry urged "that effective measures be taken to insure the Canadian wool cloth industry of sufficient protection to compete on equitable terms". The Board concurs in the claim that conversion costs of Canadian producers are higher than those of their chief competitors, the United Kingdom manufacturers (though not as much higher as in 1954), and much higher than those of their lesser but equally aggressive competitors, the Italian producers of wool cloth. In the wool cloth industry, the cost of labour is the most important item in a manufacturer's conversion costs, and producers in Canada, where the cost of labour is high, are at a disadvantage when competing with manufacturers in the United Kingdom or Italy, in both of which labour costs are lower. The Canadian manufacturer claims that, though he has been able through greater use of machinery and efficient production to offset in part this disparity in labour costs, he still needs assistance to enable him to compete "on equitable terms". It is not quite clear

just what Canadian manufacturers mean by "equitable terms", but it would seem to indicate that domestic producers wish for such assistance as will overcome the disparity between their costs and those of their competitors. It is the opinion of the Board that disparity in costs cannot be the sole or necessarily even an important factor in determining levels of tariff protection. In a country such as Canada, dependent to a large extent on the profitable sale of her exports abroad, the degree of protection given to producers must reflect in large measure a relationship between the development of secondary industries on the one hand, and, on the other, the extent to which tariff protection will add to the costs of exporting industries and lessen their ability to compete in world markets. A further consideration must be the maintenance of the standard of living of consumers, and for Canada this has special significance. Canadian consumers, living next to the country with the highest standard of living in the world, may not willingly accept the imposition of tariffs likely to place undue burdens on them and thus lower their own standard.

#### The Factor of Efficiency:

The industry has also asked the Tariff Board to find that "it is in the national interest of Canada that a wool cloth industry be maintained on a solvent basis". The manufacturers of wool cloth claim, and with some justification, that in recent years the level of efficiency within the industry has risen. In spite of this, their operations (as a group) continue to be unprofitable. Since 1952, six worsted mills and 16 woollen mills have closed. It is reasonable to assume that those mills which withstood the collapse of wool prices in 1951, followed by the decline in demand from 1948 to 1954, were, for the most part, the more efficient ones in the industry. Whether all the mills remaining operate efficiently and aggressively is open to question; certainly, the Board must question the efficiency of mills which during the past five years have been unable to make adequate expenditures on maintenance and modernization of their plant and equipment. There would, however, appear to be little doubt that there is a group of mills — most worsted and a few woollen mills — that have been able, through more efficient operation, better merchandising and/or particularly good management, to improve their production and to maintain their financial stability. Nevertheless, in so doing, they have, on the whole, been unable in recent years, according to their financial statements, to earn profits which would be considered adequate, and which over a period of years would enable them to make the necessary investment to keep their plants efficient and up to date. It would seem, therefore, that the industry has reached a stage where some decision as to its future in the Canadian economy should be made.

#### Imports vs. Exports:

The question then arises: if further assistance is to be given to the wool cloth industry, can this be done without harm to Canada's overseas markets, to the clothing trade, and to its customers — the consumers? The Wool Textile Delegation of the United Kingdom, the Associazione dell'Industria Laniera Italiana, the Canadian

Federation of Agriculture and representatives of wood-exporting industries emphasized in their briefs to the Board the importance of the export markets of Great Britain and Italy to Canada's exporting industries. The United Kingdom delegation pointed out the "correlation between the ability of the United Kingdom to purchase Canadian products and the number of Canadian dollars obtained through exports of its traditional export products to Canada". The Board appreciates the concern of these parties that the granting of additional protection to Canadian industries would impair the United Kingdom's ability to earn dollars, which would in turn reduce Canada's markets for her export products.

Canada has long been an important market for United Kingdom exports of wool cloth, and her cloths have won the high regard of Canadian consumers. While not wishing to penalize the United Kingdom manufacturer because of the place his product has gained in the Canadian market, we must raise the question as to what would be the effect on his exports if some assistance, through a moderate increase in the tariff, were given to Canadian manufacturers of wool cloth. The sale of some cloths — which are not made in Canada and which some manufacturers of men's fine clothing use entirely for the garments they produce — would probably not be affected by such a measure. These clothiers would continue to buy these cloths and would pass on to their customers the increase in costs — usually those customers with incomes able to meet higher prices. Such cloths, however, are only a small proportion of total exports of wool cloth from the United Kingdom. Would a moderate increase in the tariff, to improve the competitive position of the Canadian industry vis-a-vis United Kingdom, seriously reduce the latter's exports of other categories of cloths and impair Canada's ability to export in return? The Board considers that on balance it should be possible without undue harm to Canada's export trade to offer to the remaining core of Canada's wool cloth industry a better chance of survival. United Kingdom exporters of wool cloth will make every effort to retain their market in Canada and for the most part they probably will succeed.

In contrast with the United Kingdom manufacturer, to whom Canada is a traditional outlet for his cloths, the Italian manufacturer is a newcomer to this market, aggressively exploring possibilities of extending his sales. To date he has succeeded in supplying about 10 p.c. of the Canadian market, and his exports appear to be meeting a definite need of Canadian consumers. His cloths cater chiefly to the cheaper market. Well finished, attractively styled, and of great variety, these fabrics have proved popular with consumers in the low income group, who, since the appearance of these cloths on the Canadian market, have been able to satisfy their preference for clothes made of wool cloth. In some instances, they have been able to buy more clothes of all wool fabrics; in others, they have bought clothes made of blends rather than of synthetic fabrics. The representative of the Canadian Federation of Agriculture drew to the attention of the Board the importance of these sales of cloths as a source of dollars for Italian purchases of Canada's farm products. Over the last five years, Italy's imports from Canada have averaged about \$35 million per year,



approximately 43 p.c. having been agricultural products. While wheat and flour have been by far the most important of these exports, the most significant, perhaps, have been the expanding shipments of Canadian flaxseed and rapeseed. As a result of the difficulties experienced in recent years in selling their wheat, western farmers are attempting to shift some of their production into cash crops for which there appears to be a ready market; since 1952, they have increased the acreage sown to flaxseed and rapeseed, and Italy has provided a growing market for these crops.

Turning now to the effect which the imposition of higher tariffs on wool cloth would be likely to have on the chief purchasers of such cloths (the garment manufacturers) and on their customers, all consumers: The representatives of the manufacturers of men's fine clothing, and of dresses and sportswear testified that it would be impossible for them to absorb any of the increased costs which might result from higher tariffs. They also expressed strong fears that the passing on of these increased costs to the consumer, through higher prices for clothing, would decrease their sales substantially, forcing them to dismiss some of their employees. As the Board has already indicated, stability of the price ranges of their products is of utmost importance to this group of manufacturers. In high price ranges, it may be possible for them to pass on some increase in costs without much resistance from their customers or without disturbance to their lines of production; in other ranges, however, an increase in price may lead to the loss of the manufacturer's outlet. Rather than raise their prices, manufacturers in these ranges prefer, therefore, in so far as it is possible, to maintain prices and to lower the quality of the cloths in their various ranges. For this reason, the effect of an increase in the prices of cloth on the consumer would probably be a combination of these possibilities: partly an increase in prices of clothing and partly a lessening of the quality of the clothes available at the same price.

## PART V

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### CONSIDERATIONS: PRO AND CON

Whether or not the Canadian taxpayer should further assist, by increased tariff protection, the domestic wool cloth industry is debatable — unless, of course, it be on the grounds of national security. In this connection, it should be stated that the record of this industry during World War II was outstanding; its contribution to the equipping, not only of the Canadian Services but also those of various Allies, was in every respect a splendid achievement. Whether or not, therefore, the industry should be maintained in a more-or-less flourishing state against a day when again its assistance might be of vital importance, is a matter for consideration on strategic grounds and not one upon which this Board is expected to offer an opinion,

much less give advice. Nor does it presume to do so.

Apart, however, from the question of security — in respect of which cost to the taxpayer in peace-time presumably would not be a prime consideration — the matter of the maintenance in a healthy state of a wool cloth industry in Canada remains essentially one of high-policy, not least because the cost to the country is a prime consideration (though not the only one).

The record of more than a half-century of production in Canada of woollens and worsteds is one of frustration and of hope deferred. In the early periods of settlement and of pioneering, the village carding-mills and (later) small local spinning and weaving mills were indispensable to the life of that day. They served their purpose and their time, utilizing to a great extent domestic wool and disposing of their product almost on a basis of barter. But that pioneer day has passed, as have the successive periods of national growth that followed it. Today, the situation is vastly different. The development in Canada on an unprecedented scale of indigenous natural resources; the growing and acute necessity of an optimum division of labour; the ever-increasing general levels of remuneration of both skilled and unskilled workers, weighing heavily upon a wool-cloth industry whose employees cannot be — if the industry is to compete at all in its own market — among the better-paid groups of labour; the high degree of specialization in the wool cloth industries of older civilizations, catering — with products of world-wide reputation — to international markets; all are working together to make increasingly difficult the lot of a Canadian industry striving valiantly, but almost desperately, to hold its "own share" of its own domestic market. It is difficult to see, on the basis of economic criteria alone, that Canada should keep in being, or permit or encourage to grow, an industry which appears to have little hope of competing profitably with its own competitors abroad or of maintaining its place relative to other domestic industries offering greater opportunities for growth and success.

#### Social Significance of the Industry:

But — the wool cloth industry is here. It has a social significance which, while it may lack substantial economic grounding, is not something that may be dismissed, even in these spacious times, as of no consequence to the nation. This aspect of the situation is one which, upon humanitarian grounds alone, cannot be written-off as plants or equipment can be written-off; it is an aspect of an economic problem in respect of which only "high policy", in the most literal sense of the phrase, can be expected to come to judgment. The industry is, by and large, a small-town industry. Very often, even today, it is the industrial back-bone of semi-rural communities. It is currently giving employment to several thousand Canadians and affording the means of sustenance to their families. Partly because of its long association with scores of localities, it is part of the warp and woof of Canadian life. Often, in its own area, it provides the only openings for skilled or semi-skilled labour.



In making such recommendations as follow, the Tariff Board has kept much in mind, therefore, not only the economic but the social implications associated with the wool cloth industry in Canada. It is not prepared to recommend rates of duty calculated to put the industry "on easy street". It is not prepared, even, to recommend tariff treatment that might with reason be expected to keep the industry in being, as a going concern, for an indefinite period in the future. By no means is it prepared to recommend that the industry be granted the protection it sought and argued for at public hearings. But, neither is it prepared to recommend that nothing be done — that is to say, that the industry be permitted to die as quietly and painlessly as possible. It is persuaded that, without placing an undue burden upon the users of wool fabrics, there may be recommended for the industry a measure of assistance that will permit it to continue to fight for its existence, at least until such time as there may be enunciated, by the proper authority, a carefully-considered decision in high-policy regarding the future of the Canadian wool cloth industry.

#### Arguments Advanced Against Assistance:

The Board has examined the case for increased duties on imports, as advanced by the industry, and the arguments against such increases, as presented by domestic users of wool cloths as well as by representatives of overseas producers. In giving consideration to these pleas and rejoinders, the Board has been impressed by those facts and factors which in its opinion weigh heavily against recommendations favourable to the domestic manufacturers of wool fabrics: the still-prevailing uncertainty in demand, to which extended reference was made in an earlier Report; the fact that, while the financial state of the Industry as a whole is not such as readily to attract risk capital, a few mills are operating at a profit, and fewer than in 1953 are experiencing losses; the further and related fact that, in certain instances, the companies in the best financial position are not necessarily the largest or the most automatized, but are relatively small units that have concentrated on producing lines for which they have reason to believe there will be a demand; the expressed inability of clothiers and dress manufacturers to absorb increased costs of fabrics, which constitute their raw material; the anxiety of consumer-groups lest higher tariffs on wool cloths should be reflected in the cost of living; the concern on the part of wool-fabric industries in Great Britain, in the Republic of Ireland and in Italy that higher duties would make it less feasible for the economies of those countries to continue to absorb goods of Canadian origin; and, always in the background, the fact that action in accord with the requests of the Canadian wool cloth industry might be untimely in the face of declared government policy of enlarging trade between Canada and the United Kingdom.

#### Arguments Urging Assistance:

Contrariwise, the evidence presented at public sittings contained much that emphasized the validity of the contentions of the applicant Industry that it not only deserved but urgently needed

increased protection: that imports were gaining a larger proportion of a not-very-elastic domestic market; that intense style-consciousness in Canadians put a premium upon the use of fabrics of unusual or striking design and construction, and that very frequently the relatively-great facilities of the United Kingdom industry were such that certain firms might style, design and weave almost solely for export markets such as Canada; that, as regards cloths of more ordinary construction and finish, labour costs in Great Britain were so low in comparison with those of domestic mills that the result was not competition in the normal sense of the word but a dog-eat-dog battle for survival, even in bread-and-butter lines; that the maximum-duty provision which had first been inserted in the Canadian Tariff nearly 25 years ago had become in effect a specific duty that was now grossly out-of-line with the prices of imported fabrics to which it applied; and that many of the domestic mills which had been producing woollens or worsteds in Canada for a half-century or more were located in relatively small towns or even villages, where alternative employment did not exist for the skilled labour which they feared would be out of work unless something were done by government to assist the Industry to help itself to more profitable operation.

#### Maximum Duty Provisions:

It was only to be expected that the Canadian wool cloth industry would, in presenting its plea, place perhaps greatest emphasis upon the necessity, from its point of view, of removing the present maximum duty provision from tariff item 554b. Conceding that any specific duty — and the maximum duty of 50 cents per pound has become in effect a straight specific duty — will vary in effectiveness with changes in price of the commodity to which it applies, the Industry stressed that this particular provision had not been intended, when first introduced into the schedule, to be an overall specific duty at all, but merely a "ceiling", to become operative in respect of cloths of a price and quality deemed not to be within the range of economic production in Canada. Apart altogether from the matter of the price-range above which the maximum would apply, the industry contended that the maximum had been set at a figure definitely related not only to the substantive rates attaching to the item but to the state of development and efficiency of the Canadian industry of that day (1935). The range of production of the industry had greatly improved and expanded; today, it was constantly pressing against the 50-cent ceiling, which now had the effect of virtually precluding domestic producers from making cloths other than those which, almost a quarter-century ago, had been regarded as those which they might, could and should produce.

This contention the Board cannot accept in its entirety. There are ranges of wool fabrics which — be the criterion price, or construction, or design — cannot economically be made in Canadian mills; and the production of which, admittedly a small proportion of the total, probably should not be encouraged at this time. The Board sees continuing merit in the principle of a maximum duty; while not persuaded that such provision should be dispensed with, it is of opinion that an upward adjustment in the amount is indicated.

### Calculation of Duty Payable:

Much argument was advanced by the domestic producers that — whatever the rates of duty to be recommended — the basis for the calculation of duty should be the square yard, rather than the pound. It was contended that today, more than ever in the past, yardage was the fair and reasonable basis of calculating, particularly in view of the definite and continuing trend toward lighter and lighter fabrics — i.e., to fabrics offering more yards to the pound. After prolonged consideration, the Board has decided not to recommend a change in this particular matter — not least because of the considerable degree of confusion that might ensue for exporters, importers and users, accustomed for many years to an item relating duties to weight rather than yardage. Moreover, classification of fabrics, for duty purposes, on a yardage basis is rarely met with in the tariffs of the world.

### Description for Duty Purposes:

Under the present wording of the main item relative to wool cloths (554b), a wool fabric containing any other fibres — for example, a fabric 75 p.c. by weight of synthetic fibres or of cotton — is dutiable as if it were wholly of yarns of wool or hair. To perpetuate this principle of classification in the face of the expanding production of blended cloths — woven for the most part in wool cloth mills — is unrealistic and may become even more so in the relatively near future. The Board's recommended wording will confine the coverage of the item to fabrics which are substantially of wool or hair.

### Imports under M.F.N. Tariff:

Although by far the greater part of the evidence and argument at the public sittings had to do with imports of wool cloths under the British Preferential Tariff, the domestic industry repeatedly drew attention to the appreciable increase in fabrics of Italian origin. Information put on record as regards conditions prevailing in the Italian industry, particularly in the Prato area, and especially respecting the disparity between Canadian and Italian labour-costs, has been referred to earlier in this Report. Undoubtedly, imports from Italy are increasing, and increasingly-important, and undoubtedly the Canadian producers of competing cloths are at a decided disadvantage in many representative ranges of fabric. However, having in mind the ad valorem equivalents of the duties levied at present on imports under the Most Favoured Nation Tariff, the Board cannot see its way clear to recommend an increase in the existing rates or in the existing provision respecting maximum duty per pound (for incidence of existing duties see Table C). The Board believes that the greater part of such imports is meeting needs of consumers with low incomes. Moreover, it is possible that the future of the Canadian industry may well lie in the production of somewhat better-quality fabrics. (If, despite this recommendation re Most Favoured Nation rates, the matter of preservation, intact, of the British Preferential margin be deemed by the Government to be, as a matter of policy, a sine qua non, such margin would be preserved by a commensurate increase in the existing Most Favoured Nation rates.)



## RECOMMENDATIONS

Having weighed the evidence adduced, the Board is of opinion:

(1) That the wool cloth industry in Canada, as a whole, is not a flourishing one in the sense that many other domestic industries are;

(2) That, while the degree of protection afforded by the customs tariff at present in effect is not primarily to blame for the industry's lack of robust healthfulness, it is not such as to be regarded as "high", or such as to permit or encourage inefficiency;

(3) That, regardless of what may be done by way of increased protection, further mortalities among existing Canadian mills are to be expected;

(4) That, even with a moderate increase in customs duties, imports of wool cloths will continue to cater to the requirements of the Canadian market.

Therefore, the Board recommends, in brief:

(1) That existing tariff items 554 and 554a be deleted from the schedule;

(2) That existing tariff item 554c be retained, unamended;

(3) Re existing tariff item 554b: that the item be reworded and that the specific duty per pound and the maximum duty per pound, under the British Preferential Tariff, be increased -- to a greater degree on light-weight than on heavier cloths;

(4) No changes in the rates (or in the maximum duty provision, where such is applicable) under the Most Favoured Nation or the General Tariff.

In greater detail, these recommendations are as set out below:

1. Re Existing Item 554: This Item at present reads as follows:  
Woven fabrics, composed wholly or in chief part by weight of yarns of wool or hair, not exceeding in weight six ounces to the square yard, n.o.p., when imported in the gray or unfinished condition, for the purpose of being dyed or finished in Canada

B.P.

17½ p.c.  
and,  
per pound,  
7½ cts.

M.F.N.

25 p.c.  
and,  
per pound,  
17½ cts.

General

30 p.c.  
and,  
per pound,  
20 cts.

GATT:

<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
15 p.c. and, per pound, 7½ cts.	20 p.c. and, per pound, 17½ cts.	—

The request of the applicant industry was that the word "five" be substituted for the word "six" (ounces) and that rates be established as follows:

<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
15 p.c. and, per sq. yd., 16 cts.	27½ p.c. and, per sq. yd., 39 cts.	40 p.c. and, per sq. yd., 80 cts.

The recommendation of the Board is that tariff item 554 be deleted from Schedule A to the Customs Tariff, on the ground that total imports are not sufficient to warrant the continuance of the item.



2. Re Existing Item 554a: This item at present reads as follows:  
Woven fabrics, consisting of cotton warps with wefts of lustre wool, mohair, or alpaca, generally known as lustres or Italian linings, n.o.p.

<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
Free	20 p.c.	25 p.c.

The request of the applicant Industry was that the item be deleted.

The recommendation of the Board is that tariff item 554a be deleted from Schedule A to the Customs Tariff, as being to all intents and purposes obsolete and not warranting the expense of administration.





3. Re Existing Item 554b: This item at present reads as follows:  
Woven fabrics composed wholly or in part of yarns of wool or hair, n.o.p.

<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
22½ p.c. and, per pound, 12 cts.	35 p.c. and, per pound, 30 cts.	40 p.c. and, per pound, 35 cts.

However, the sum of the specific and ad valorem duties imposed by this item on imports under the British Preferential Tariff shall not be in excess of 50 cents per pound.

GATT:

20 p.c.  
and,  
per pound,  
12 cts.

—

—

Provided, however, that the sum of the specific and ad valorem duties shall not be in excess of 50 cents per pound.

GATT:

27½ p.c.  
and,  
per pound,  
30 cts.

—

—

GATT:

- Ex. Woven fabrics, composed wholly or in chief part by weight of yarns of wool or hair, not exceeding in weight nine ounces to the square yard, n.o.p.

27½ p.c.  
and,  
per pound,  
30 cts.

—

—

Provided, however, that the sum of the specific and ad valorem duties shall not be in excess of \$1.00 per pound.

The request of the applicant Industry was that the item be amended to read as follows:

Woven fabrics composed wholly or in part of yarns of wool or hair, n.o.p.

<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
18 p.c.	27½ p.c.	40 p.c.
and,	and,	and,
per sq. yd.,	per sq. yd.,	per sq. yd.,
20 cts.	39 cts.	80 cts.

The recommendation of the Board is that existing tariff item 554b be amended to read as follows:

<u>Tariff</u> <u>Item</u>	<u>Goods Subject to Duty and Free Goods</u>	<u>B.P.</u> <u>Tariff</u>	<u>M.F.N.</u> <u>Tariff</u>	<u>General</u> <u>Tariff</u>
554b	(1) Woven fabrics, 50 p.c. or more, by weight, of wool or hair, n.o.p. .. and, per pound ..	20 p.c. 20 cts.	27½ p.c. 30 cts.	40 p.c. 35 cts.
	Provided, that the total duty leviable shall not be in ex- cess of ..... per pound ..	60 cts.	—	—
	(2) Woven fabrics, 50 p.c. or more, by weight, of wool or hair and weighing not less than 12 ounces per square yard .. and, per pound ..	20 p.c. 15 cts.	27½ p.c. 30 cts.	40 p.c. 35 cts.
	Provided, that the total duty leviable shall not be in ex- cess of ..... per pound ..	55 cts.	—	—

Should tariff item 554b be made effective by Parliament prior to completion by the Tariff Board of its review of the entire Textile Schedule of the Tariff, it is suggested that, in order to make possible administration of the recommended item, the words "not containing wool" be deleted from existing tariff item 561.

4. Re Existing Item 554c: This item at present reads as follows:  
 Woven fabrics, composed wholly or in chief part by weight of yarns of wool or hair, not exceeding in weight four ounces to the square yard, when imported in the gray or unfinished condition, for the purpose of being dyed or finished in Canada ...

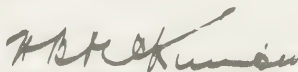
<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
Free	25 p.c. and, per pound, 17½ cts.	30 p.c. and, per pound, 20 cts.

GATT:

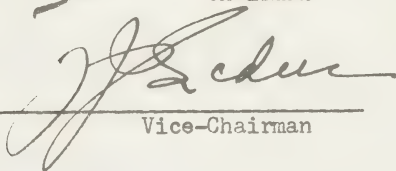
20 p.c.  
and,  
per pound,  
15 cts.

The request of the applicant Industry was that the item be deleted from Schedule A to the Customs Tariff.

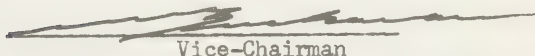
The recommendation of the Board is that tariff item 554c in Schedule A to the Customs Tariff be unamended in wording or in rates of duty.



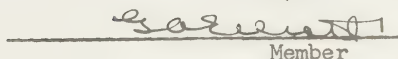
Chairman



Vice-Chairman



Vice-Chairman



Member

APPLICATION OF PROPOSED RATES ON REPRESENTATIVE CLOTHS  
UNDER RECOMMENDED REVISION OF TARIFF ITEM 554b

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Tables A and B, on the two immediately-succeeding pages, illustrate the incidence on imported woollens and worsteds, under the British Preferential Tariff, of the rates of duty recommended by the Tariff Board as a consequence of its Inquiry in respect of Reference No. 125. The tables should be read in the light of the following:

Table A: The recommended rate, British Preferential Tariff, Item 554b(1), is 20 p.c. ad valorem plus 20 cents per pound, with provision for a maximum duty, per pound, of 60 cents, applicable to cloths 50 p.c. or more, by weight, of wool or hair, with the exception of heavy fabrics, such as certain topcoatings and overcoatings;

Table B: The recommended rate, British Preferential Tariff, applicable to heavy fabrics 50 p.c. or more, by weight, of wool or hair — i.e., fabrics weighing 12 ounces or more per square yard, Item 554b(2) — is 20 p.c. ad valorem plus 15 cents per pound, with provision for a maximum duty, per pound, of 55 cents.

Both Tables: The figures in the columns indicate the duty payable in cents per linear yard of cloth, the column headed "P" showing the duty per linear yard as at present and the column headed "R" showing the duty applicable under the recommended rate.

In all instances, the duty payable is the net amount — that is, allowing for the operation of the maximum-duty provision and for the direct-shipment discount under the provisions governing administration of the British Preferential Tariff.

The ranges of weights and of prices used in the Tables are necessarily not all-inclusive; they do represent, however, a broad sector of the weights and prices of British-made cloths entering the Canadian market.

The price per linear yard shown is, in each instance, the price in the country of origin expressed in Canadian dollars.

The figures above the heavy horizontal line relate to those cloths which will pay the rates indicated and will not be affected by the maximum duty; figures below the horizontal line indicate that cloths to which they relate will pay the maximum duty only, regardless of their price per linear yard.

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TABLE A

Duties under B.P. Tariff (cents per linear yard) on representative wool cloths weighing under 20 ounces per linear yard P — present net duty: R — recommended net duty																	
Value per linear yard	8 oz.		9 oz.		11 oz.		12 oz.		13 oz.		14 oz.		16 oz.		18 oz.		
	P	R	P	R	P	R	P	R	P	R	P	R	P	R	P	R	
\$ .75	19	22½	19½	23½	21	26	21½	27	22½	28	23	29	24½	31½	25½	34	
1.00	23½	27	24	28	25½	30½	26	31½	27	32½	27½	34	29	36	30	38	
1.25	25	30	28	32½	30	35	30½	36	31½	37	32	38	33½	40½	34½	43	
1.50	25	30	28	34	34½	39½	35	40½	36	41½	36½	43	38	45	39	47	
1.75	25	30	28	34	34½	41	37½	45	40½	46	41	47	42½	49½	43½	52	
2.00	25	30	28	34	34½	41	37½	45	40½	49	44	52	47	54	48	56	
2.50	25	30	28	34	34½	41	37½	45	40½	49	44	52½	50	60	56	65	
2.75	25	30	28	34	34½	41	37½	45	40½	49	44	52½	50	60	56	67½	
3.00	25	30	28	34	34½	41	37½	45	40½	49	44	52½	50	60	56	67½	
3.25	25	30	28	34	34½	41	37½	45	40½	49	44	52½	50	60	56	67½	
3.50	25	30	28	34	34½	41	37½	45	40½	49	44	52½	50	60	56	67½	
4.00	25	30	28	34	34½	41	37½	45	40½	49	44	52½	50	60	56	67½	
5.00	25	30	28	34	34½	41	37½	45	40½	49	44	52½	50	60	56	67½	
6.00	25	30	28	34	34½	41	37½	45	40½	49	44	52½	50	60	56	67½	



TABLE B

Duties under B.P. Tariff (cents per linear yard) on representative fabrics weighing 12 oz. or more per square yard P — present net duty; R — recommended net duty																
Value per linear yard	20 oz.		22 oz.		24 oz.		26 oz.		28 oz.		30 oz.		32 oz.		34 oz.	
	P	R	P	R	P	R	P	R	P	R	P	R	P	R	P	R
\$2.00	49½	53	51	54½	52	56	53½	58	55	59½	56	61½	57½	63	59	64½
2.50	58½	62	60	63½	61	65	62½	67	64	68½	65	70½	66½	72	68	73½
3.00	62½	69	69	72½	70	74	71½	76	73	77½	74	79½	75½	81	77	82½
3.50	62½	69	69	75½	75	82½	80½	85	82	86½	83	88½	84½	90	86	91½
4.00	62½	69	69	75½	75	82½	81	89½	87½	95½	92	97½	93½	99	95	100½
4.50	62½	69	69	75½	75	82½	81	89½	87½	96	94	103	100	108	104	109½
5.00	62½	69	69	75½	75	82½	81	89½	87½	96	94	103	100	110	106	117
5.50	62½	69	69	75½	75	82½	81	89½	87½	96	94	103	100	110	106	117
6.00	62½	69	69	75½	75	82½	81	89½	87½	96	94	103	100	110	106	117

TABLE C

Duties under M.F.N. Tariff (cents per linear yard) on representative wool cloths at existing rates of 27½ p.c. plus 30 cts. per pound with maximum of \$1.00 per pound on fabrics weighing nine ounces or less per square yard										
Value per linear yard	8 oz.	9 oz.	11 oz.	12 oz.	14 oz.	16 oz.	18 oz.	20 oz.	22 oz.	24 oz.
\$ .75	35½	37½	41	43	47	50½	54½	58	62	65½
1.00	42½	44½	48	50	54	57½	61	65	69	72½
1.25	49½	51	55	57	60½	64½	68	72	75½	79½
1.50	50	56	62	64	67½	71	75	79	82½	86
1.75	50	56	68½	70½	74½	78	82	85½	89½	93
2.00	50	56	68½	75	81	85	89	92½	96	100
2.50	50	56	68½	75	87½	99	102½	106	110	114
2.75	50	56	68½	75	87½	105½	109½	113	117	120½
3.00	50	56	68½	75	87½	112½	116	120	124	127½
3.25	50	56	68½	75	87½	119½	123	127	130½	134½
3.50	50	56	68½	75	87½	126	130	134	137½	141
4.00	50	56	68½	75	87½	140	144	147½	151	155
5.00	50	56	68½	75	87½	167½	171	175	179	182½
6.00	50	56	68½	75	87½	195	199	202½	206	210

## APPENDIX A

REFERENCE NO. 125

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STATISTICAL DATA

Assembled by the Tariff Board in co-operation  
with the Primary Textiles Institute and the Dominion  
Bureau of Statistics, and consisting of 27 Tables,  
relative to the production in Canada and the importation  
into Canada of Wool Fabrics under tariff items 554, 554a,  
554b and 554c  
with related information regarding consumption, prices,  
wage-rates etc.

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TABLE I

Apparent Canadian Market for Cloth Containing Wool

(million linear yards)

Year	Shipments from Canadian Mills	Canadian Shipments less Exports	Canadian Shipments to Civilian Market	Imports			Total Imports	Retained Imports	Total Civilian Market Supply	Per cent Supplied by <sup>2</sup>		
				Imports from United Kingdom	Imports <sup>1</sup> from Other Countries	Imports <sup>1</sup> from Other Countries				Canadian Mills	United Kingdom	Other Countries
1935-39 Average	16.4	16.4	16.3	11.4	.2		11.6	11.6	27.8	58.6	40.8	.8
1946	29.6	29.5	29.4	10.7	.6		11.3	11.2	40.6	72.4	26.3	1.4
1947	30.8	30.6	30.6	10.3	3.1		13.4	13.3	43.9	69.7	23.4	7.1
1948	30.1	30.0	30.0	16.1	1.5		17.6	17.5	47.5	63.2	33.8	3.2
1949	29.3	29.3	29.3	13.5	1.6		15.1	14.7	44.0	66.5	30.6	3.6
1950	27.9	27.9	27.9	12.2	1.1		13.3	13.1	41.0	68.0	29.7	2.8
1951	26.3	26.2	24.1	11.0	1.7		12.7	12.5	36.6	65.7	30.1	4.6
1952	22.8	22.8	18.8	11.7	.9		12.6	12.5	31.3	60.2	37.4	3.0
1953	21.1	21.1	20.7	15.1	1.1		16.2	16.2	36.8	56.1	41.1	3.0
1954	16.7	16.7	16.6	11.4	.9		12.3	12.2	28.9	57.7	39.7	3.2
1955	23.0	23.0	22.3	12.2	1.3		13.5	13.4	35.7	62.4	34.2	3.7
1956	20.7	20.7	20.2	15.2	2.6		17.8	17.7	37.9	53.2	40.2	6.8
1957 est. <sup>3</sup>	19.1	19.1	18.7	14.6	5.8		20.4	20.3	39.0	47.9	37.2	14.9
1956 1st half	10.5 <sup>3</sup>	10.5	10.1	7.5	1.1		8.6	8.6	18.7	54.0	40.2	6.0
1957 1st half	9.9 <sup>3</sup>	9.8	9.5	7.8	2.6		10.4	10.4	19.8	47.7	39.5	13.0

1 Trade of Canada - Imports under tariff items 554, a, b, c - estimated yards.

2 No allowance made for re-export of non-Canadian cloths.

3 Supplied by C.W.K.G.M. Association.

Source: Dominion Bureau of Statistics — Textiles and Miscellaneous Products; Trade of Canada and Navigation Reports of the United Kingdom; Canadian Woollen and Knit Goods Manufacturers Association.

TABLE II

Capital and Repair Expenditures - Wool Cloth Industry

('000 dollars)

	<u>Capital Expenditures</u>		<u>Maintenance Expenditures</u>		<u>Repair and</u>		<u>Capital, Repair and</u>	
	Construction	Equipment and Machinery	Construction	Equipment and Machinery	Construction	Equipment and Machinery	Construction	Equipment and Machinery
		Sub-total		Sub-total		Sub-total		Total
1946	896	2,271	1,758	-	1,758	1,375	2,654	4,029
1947	1,172	4,194	347	1,777	2,124	4,799	1,519	6,318
1948	698	4,048	412	2,025	2,437	5,375	1,110	6,485
1949	488	2,828	279	1,903	2,182	4,243	767	5,010
1950	509	1,381	267	1,611	1,878	2,483	776	3,259
1951	165	1,814	441	1,752	2,193	3,401	606	4,007
1952	227	1,369	348	1,422	1,770	2,564	575	3,139
1953	143	1,852	276	1,436	1,712	3,145	419	3,564
1954	✓	656	136	988	1,124	1,550	230	1,780
1955	✓	1,038	155	1,231	1,386	2,338	186	2,424
1956	195	1,154	162	1,420	1,582	2,574	357	2,931

Source: Dominion Bureau of Statistics

✓ Not available



MECHANICAL EQUIPMENT — WOOL CLOTH INDUSTRY TABLE III

<u>Year</u>	<u>Cards</u>	<u>Spindles</u>			<u>Looms for Cloth*</u>		
		<u>Woollen</u>	<u>Worsted</u>	<u>Total**</u>	<u>Automatic</u>	<u>Manual</u>	<u>Total**</u>
1949	340	93,350	34,864	128,214	1,675	879	2,554
1950	294	89,818	35,168	124,986	1,659	816	2,475
1951	289	88,859	38,368	127,227	1,751	841	2,592
1952	278	77,955	36,808	114,763	1,788	655	2,443
1953	302	83,438	38,632	122,070	1,897	549	2,446
1954	250	69,194	38,200	107,394	1,740	434	2,174
1955	269	57,095	37,364	94,459	1,714	378	2,092
1956	240	61,441	46,824	108,265	1,457	340	1,797

\*Does not include looms for plush, tapestries, etc.

\*\*Part of the increase in the number of spindles and of the decrease in the number of looms in 1956 was due to reorganization of certain firms within the cloth and spinning sections of the wool textile industry.

Source: Dominion Bureau of Statistics — Textiles and Miscellaneous Products Branch.

Fibre Consumption in the Wool Cloth Industry  
('000 lbs.)

TABLE IV

	<u>1949</u>	<u>1950</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>
Cotton, raw.....	115	215	111	69	42	52	27	38
Cotton waste.....	270	135	152	63	27	13	18	16
Rayon tops.....	1	229	4	66	74	236	151	216
Rayon staple fibre.....	365	925	1,868	2,073	1,620	1,127	1,738	2,248
Rayon waste.....	914	1,153	759	403	476	220	273	232
Nylon.....	133	136	161	309	253	163	153	243
Other synthetic fibre.....	-	2	11	32	115	174	272	117
Silk, voiles, waste, etc.....	19	14	10	-	-	-	10	-
Domestic wool (clean pounds)....	2,914	1,008	1,339	3,410	3,292	1,569	1,507	1,593
Imported wool (clean pounds)....	13,276	12,143	10,410	11,006	7,324	5,856	7,410	6,799
Wool noils.....	990	726	245	119	135	148	230	96
Wool tops.....	4,135	3,540	3,802	2,530	3,467	3,131	3,365	4,465
Rags and clips, wool/part wool..	3,418	3,553	4,645	2,321	2,581	4,593	5,248	3,801
Waste, wool or part wool.....	1,502	1,495	2,504	4,036	2,556	1,215	1,428	3,374
Reworked wool/part wool.....	1,294	2,176	2,552	2,421	2,419	886	1,924	2,400
Animal hair.....	63	74	65	87	169	99	145	202
Other rags and clips.....	45	90	148	291	98	9	199	237
Other raw stock.....	468	25	-	-	12	184	132	209

Source: Dominion Bureau of Statistics—Textiles and Miscellaneous Products Branch.

Yarn Consumption in the Wool Cloth Industry  
(1000 lbs.)

TABLE V

	<u>1942</u>	<u>1950</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>
Cotton.....	1,569	1,599	1,716	1,654	1,286	1,033	1,027	897
Rayon, spun.....	147	210	164	185	423	244	511	1,283
Rayon, filament.....	38	99	117	221	183	107	157	295
Nylon and other synthetics....	1	7	35	59	226	245	293	205
Worsted, oil spun.....	2,268	3,391	3,072	2,292	2,732	2,067	3,301	1,404
Worsted, dry spun.....	809	1,047	1,390	864	567	254	347	447
Woollen yarn.....	208	160	257	185	209	21	105	20
Mohair.....	58)							
Other animal hair.....	414)	490	635	491	343	317	45	373
Yarns, n.e.s.*	79	23	109	77	5	207	803	299

\*Not available in pounds so given in thousands of dollars.  
Source: Dominion Bureau of Statistics—Textiles and Miscellaneous Products Branch.

TABLE VI

Value of Inventories of Wool-Cloth Industry  
( '000 dollars)

<u>End of</u>	<u>Raw Materials</u>	<u>Goods in Process</u>	<u>Finished Products</u>	<u>Total Value</u>
1954				
March	7,713	6,703	5,481	19,897
June	6,895	5,947	4,480	17,322
Sept.	8,114	6,413	4,904	19,431
Dec.	7,783	5,818	4,891	18,492
1955				
March	8,580	6,235	4,895	19,710
June	8,279	6,548	5,049	19,876
Sept.	7,779	6,475	4,146	18,400
Dec.	7,763	6,796	3,867	18,426
1956				
March	8,694	6,377	3,641	18,712
June	7,107	6,312	4,074	17,493
Sept.	6,812	5,673	3,668	16,153
Dec.	6,305	6,651	3,568	16,524
1957				
March	6,246	5,562	3,199	15,007
June	7,416	6,053	3,867	17,336
Sept.	6,925	5,414	3,777	16,116

Source: Dominion Bureau of Statistics - Inventories Section.

Employment in Wool Cloth Industry TABLE VII

(Monthly Averages)

	<u>Employees on Wages</u>			<u>All Employees</u>			<u>Total Wages and Salaries \$'000</u>
	Male	Female	Total	Male	Percentage of Total	Percentage of Total	
1934	3,256	2,251	5,507	3,606	60.3	39.7	4,730
1935	3,482	2,336	5,818	3,843	61.0	39.0	5,109
1936	3,587	2,360	5,947	3,961	61.4	38.6	5,393
1937	3,589	2,401	5,990	3,966	61.0	39.0	5,570
1938	3,093	1,988	5,081	3,504	62.3	37.7	4,842
1939	3,306	2,136	5,442	3,714	62.1	37.9	5,487
1947	5,231	4,007	9,238	5,833	57.2	42.8	15,917
1948	5,109	3,853	8,962	5,702	57.6	42.4	17,740
1949	5,112	3,915	9,027	5,761	57.4	42.6	19,032
1950	4,692	3,473	8,165	5,349	58.4	41.6	18,656
1951	4,852	3,528	8,380	5,536	58.8	41.2	20,773
1952	4,309	2,887	7,196	4,924	60.4	39.6	19,465
1953	4,055	2,706	6,761	4,729	60.7	39.3	18,997
1954	3,236	2,125	5,361	3,824	61.0	39.0	15,038
1955	3,424	2,327	5,751	3,977	60.0	40.0	16,523
1956	3,473	2,525	5,998	4,065	58.9	41.1	17,203

Source: Dominion Bureau of Statistics - The Wool Textiles Industries.



TABLE VIII

Employees, Average Hours and Earnings of Wage-Earners  
Reported by Manufacturers of Woollen and Worsted Cloth

<u>Week of</u>	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>
(a) Employees					
January 1	7,527	6,186	6,033	6,341	6,487
February 1	7,821	6,102	6,141	6,651	6,564
March 1	7,897	5,917	6,288	6,679	6,394
April 1	7,852	5,584	6,250	6,687	6,267
May 1	7,703	5,595	6,225	6,668	6,138
June 1	7,583	5,564	6,201	6,665	6,294
July 1	7,636	5,789	6,340	6,834	6,371
August 1	7,525	5,751	6,297	6,823	6,275
September 1	7,520	5,797	6,314	6,741	6,233
October 1	7,209	5,937	6,451	6,637	
November 1	6,735	6,000	6,490	6,499	
December 1	6,519	5,963	6,456	6,555	

(b) Average Hours per Week

January 1	41.7	38.5	41.5	41.1	39.5
February 1	44.1	42.4	44.4	43.5	43.5
March 1	44.8	42.5	43.8	43.8	43.5
April 1	44.4	42.0	42.9	41.8	42.3
May 1	43.7	41.8	42.8	42.5	42.0
June 1	43.8	40.3	43.2	42.6	42.4
July 1	43.4	43.1	43.2	42.5	41.9
August 1	43.0	43.2	42.7	42.4	42.4
September 1	42.4	44.0	43.2	43.3	42.6
October 1	40.2	44.4	43.4	43.3	
November 1	42.2	43.0	43.9	43.0	
December 1	41.8	43.8	44.0	43.8	

(c) Average Hourly Earnings  
(cents)

January 1	104.6	103.3	102.5	105.0	108.1
February 1	102.6	104.3	103.4	105.0	110.3
March 1	101.8	104.8	103.5	105.5	109.9
April 1	102.3	102.9	102.8	104.8	110.5
May 1	101.2	103.5	104.1	105.1	110.7
June 1	101.6	103.4	103.9	104.6	111.1
July 1	101.6	103.1	104.4	105.4	111.9
August 1	101.6	103.4	103.8	105.5	112.2
September 1	102.2	103.6	104.4	105.5	112.8
October 1	102.0	103.9	105.5	107.1	
November 1	102.3	103.4	105.5	108.1	
December 1	103.0	102.8	104.9	108.7	

Source: Dominion Bureau of Statistics - Employment Section —  
 (Computed from statistics furnished by establishments  
 usually employing 15 persons and over, for wage-earners  
 for whom they keep record of hours actually worked.)

TABLE IX  
Distribution of Male and Female Wage-earners  
in the Woollen Goods Industry, by Hours Worked

For Week ending October 31									
Year	30 hrs. or less	31-34 hrs.	35-40 hrs.	41-44 hrs.	45-47 hrs.	48-50 hrs.	51-54 hrs.	55 hrs. and over	Number of Wage-earners Reported
Wage-earners of both Sexes									
1949	7.1	2.6	14.8	12.8	27.3	19.6	7.4	8.4	12,176
1952	8.0	3.0	14.0	12.0	29.0	18.0	7.0	9.0	10,966
1955	7.0	3.0	14.0	15.0	28.0	15.0	8.0	10.0	9,650
Male Wage-earners									
1949	3.3	1.2	12.1	10.4	25.3	24.6	9.5	13.6	6,838
1952	4.0	2.0	11.0	10.0	24.0	25.0	10.0	14.0	6,222
1955	3.0	2.0	11.0	11.0	25.0	20.0	11.0	17.0	5,570
Female Wage-earners									
1949	12.0	4.4	18.2	15.6	29.7	13.2	4.6	2.3	5,338
1952	13.0	4.0	17.0	16.0	34.0	11.0	4.0	1.0	4,744
1955	11.0	4.0	18.0	20.0	31.0	10.0	4.0	2.0	4,080

Source: D.B.S. Earnings and Hours of Work in Manufacturing.

TABLE X  
Comparison of Annual Averages of Weekly Wages and Hours per Week  
of Hourly-Rated Wage-Earners in Canada in some Industries

	Weekly Wages				Hours per Week			
	1954		1955		1954		1955	
	\$	\$	\$	\$				July 1 1957
Manufacturing	57.16	59.25	62.27	65.37	40.6	41.0	41.1	40.6
Textile products (except clothing)	45.14	47.45	48.56	49.73	41.0	42.4	42.3	41.1
Cotton yarns and broad woven goods	42.81	46.09	47.00	46.83	38.5	40.9	40.8	38.8
WOOLLEN GOODS	44.06	45.44	46.40	48.46	42.2	43.4	43.2	42.7
Synthetic textiles and silk	50.17	52.21	54.06	54.78	43.7	44.4	44.2	42.5
Clothing (textile and fur)	36.19	37.12	38.67	37.86	36.7	37.8	38.4	36.3
Food and beverages	49.45	51.25	53.25	57.23	41.0	41.1	40.9	41.2
Tobacco and tobacco products	54.06	55.53	57.75	63.64	39.9	40.3	40.7	40.0
Rubber products	58.90	61.73	64.27	66.25	40.4	41.6	41.2	40.2
Leather products	38.43	40.50	42.05	43.38	38.7	39.9	40.2	38.8
Iron and steel products	64.02	67.52	72.06	74.83	40.7	41.4	41.8	40.8
Transportation equipment	65.41	67.27	69.59	72.98	40.5	40.4	40.2	40.1
Electrical apparatus and supplies	60.18	61.38	64.74	67.27	40.2	40.7	41.0	40.5
Chemical products	59.86	62.39	65.31	70.29	41.4	41.4	41.1	41.2

Source: Dominion Bureau of Statistics - Man-Hours and Hourly Earnings;  
Man-Hours and Hourly Earnings with Average Weekly Wages.

DOMINION WOOL PRICES

TABLE XI

Average monthly prices (pence per lb.) — clean delivered cost in the United Kingdom

<u>Merino 64s.</u>	<u>1950-51</u>	<u>1951-52</u>	<u>1952-53</u>	<u>1953-54</u>	<u>1954-55</u>	<u>1955-56</u>	<u>1956-57</u>	<u>1957-58</u>
July	151	169	137	146	132	107	114	130
September	206	112	126	147	125	96	123	120
October	202	152	131	146	118	97	120	
November	216	135	132	145	108	97	125	
December	224	136	137	139	114	99	127	
January	280	126	139	135	113	100	130	
February	288	120	141	130	116	100	136	
March	314	110	146	130	114	99	133	
April	259	112	151	135	112	103	137	
May	234	127	162	140	112	112	140	
June	169	130	153	142	112	118	133	
Av. (11 mos.)	231	130	141	140	116	102	129	
<u>Crossbred 50s.</u>								
July	72½	101	68	74	81	76	72	85
September	137	64	68	77(a)	79(b)	68	79	83(b)
October	135	85	74(a)	80	73	69	78	
November	145	76	68	78	70	70	81	
December	149	74	71	73	72	74	81	
January	185	68	68	72	74	75	82	
February	193	65	68	71	78	72	84	
March	222	51	73	75	78	69	85	
April	177	52	76	80	79	73	89	
May	147	59	77	84	80	72	92	
June	108	61(a)	76(a)	90(a)	80(a)	71	90(a)	
Av. (11 mos.)	152	69	72	78	77	72	83	

(a) Nominal (b) London sales quotation

Source: Commonwealth Economic Committee, N.Z. Wool Commission (London Agency). Based on quotations from United Kingdom and Dominion auctions.

TABLE XII

Indexes of Prices of Wool Tops  
1949 = 100

	<u>United Kingdom</u> Merino 64's	<u>Canada</u> All Tops Imported
1950	171.0	118.7
1951	210.9	198.6
1952	127.9	95.8
1953	146.4	106.2
1954	131.7	103.4
1955	110.9	90.4
1956	115.3	87.6
1953 March	145.9	100.0*
June	153.0	107.6
Sept.	145.9	110.3
Dec.	138.8	108.3
1954 March	131.1	107.6
June	142.6	102.0
Sept.	129.0	105.5
Dec.	118.0	98.6
1955 March	118.6	95.2
June	116.4	91.8
Sept.	101.6	89.0
Dec.	101.1	85.5
1956 March	100.5	84.1
June	119.1	84.1
Sept.	127.9	87.6
Dec.	131.1	95.2
1957 March	135.5	
June	139.9	
Sept.	127.9	

\* Quarterly averages

Source:

Prices of Merino Tops, United Kingdom — Commonwealth  
Economic Committee

Prices of Imported Tops — Dominion Bureau of Statistics —  
International Trade Division.



TABLE XIII

Wholesale Price Indexes of Fabrics\*  
1949 = 100

	<u>Cotton</u>	<u>Rayon</u>	<u>Woollen</u>	<u>Worsted</u>
1950	109.0	100.0	116.8	115.1
1951	121.9	105.9	140.1	144.3
1952	114.8	96.1	104.3	101.7
1953	108.4	85.3	101.1	104.4
1954	104.0	82.9	96.4	101.1
1955	105.3	81.1	88.4	93.4
1956	107.7	80.5	93.8	92.7
Monthly Average				
1953				
March	111.6	86.1	101.5	104.9
June	108.7	85.1	101.5	105.9
Sept.	106.4	85.1	101.5	104.9
Dec.	105.4	83.5	98.5	104.9
1954				
March	104.9	83.5	95.1	102.2
June	103.5	82.5	103.2	102.1
Sept.	103.1	82.5	95.4	100.1
Dec.	104.1	82.5	89.5	98.9
1955				
March	105.2	81.1	90.9	94.8
June	105.2	81.1	90.4	94.6
Sept.	106.1	81.1	83.4	92.7
Dec.	106.6	80.4	85.6	91.0
1956				
March	107.7	80.4	86.2	90.5
June	108.2	80.4	98.5	90.7
Sept.	108.0	80.4	100.1	96.0
Dec.	107.4	81.1	100.9	98.3
1957				
March	107.5	81.9	103.7	98.5
June	107.3	81.9	106.5	101.4
Sept.	106.0	81.9	99.5	100.6

\*Domestic Cloths

Source: Dominion Bureau of Statistics — Labour and Prices  
 Division.

TABLE XIV

Clothing Prices — Consumer Price Index  
1949 = 100

Year	Clothing Excluding Footwear	Men's			Boys'		Overcoats		Women's		Girls'	
		Wool Suits	Overcoats Wool	Slacks Wool & Wool Mix.	Slacks Wool & Wool Mix.	Wool & Wool Mix.	Wool	Wool	Suits Wool & Wool Mix.	Wool & Wool Mix.	Winter Coats Wool	
1950	99.5	97.2	104.2	97.2	100.3		99.4		104.8		101.5	
1951	108.6	112.3	110.9	111.1	108.3		103.0		121.0		109.0	
1952	109.2	114.0	124.8	111.6	111.0		110.3		122.3		115.2	
1953	107.1	112.7	121.8	109.6	109.6		106.0		122.0		109.0	
1954	106.4	114.1	123.6	108.9	109.1		106.2		122.0		109.0	
1955	104.7	113.5	122.9	107.8	108.6		105.9		122.2		107.2	
1956	105.0	113.8	123.3	107.5	109.4		106.2		122.9		106.5	
1953												
Apr. 1	106.7	112.1	121.2	109.6	109.8		106.0		122.1		108.7	
Oct. 1	107.4	113.6	122.6	109.2	109.5		106.0		122.2		109.7	
1954												
Apr. 1	107.0	114.1	123.7	109.5	109.0		106.5		122.0		109.3	
Oct. 1	105.2	114.0	123.7	108.2	108.8		105.9		121.9		107.6	
1955												
Apr. 1	104.7	113.3	123.0	107.8	108.8		106.0		121.8		107.4	
Oct. 1	104.6	113.3	123.0	107.8	108.5		106.2		122.6		107.1	
1956												
Apr. 1	105.4	113.6	122.8	107.4	107.8		106.2		123.0		106.6	
Oct. 1	104.8	113.9	122.8	107.7	109.8		106.3		123.0		106.6	
1957												
Apr. 1	104.6	118.0	124.4	110.4	111.6		97.0		124.1		103.0	

Source: Dominion Bureau of Statistics — Labour and Prices Division.

Factory Production of Wool Clothing\*  
('000's)

TABLE XV

Suits (except slack, uniform) — Men's and Youths'

	<u>All Wool</u>	<u>All Rayon</u>	<u>Rayon and Wool Chiefly Wool</u>	<u>Rayon and Wool Chiefly Rayon</u>
1953	1,395	110	224	42
1954	1,420	102	216	68
1955	1,370	138	106	203
1956	1,366	129	95	200

Boys'

1953	50	78	25	47
1954	30	84	22	40
1955	16	87	19	35
1956	25	97	24	44

Pants (except uniform) — Men's and Youths'

	<u>All Wool</u>	<u>All Rayon</u>	<u>Wool mixture Chiefly Wool</u>	<u>Rayon mixture Chiefly Rayon</u>	<u>Work pants Wool and Wool mixtures</u>
1953	927	707	625	554	782
1954	764	821	423	673	595
1955	822	762	334	819	448
1956	1,068	660	393	919	540

Boys'

1953	168	485	421	221
1954	103	436	337	188
1955	138	449	331	159
1956	125	515	389	144

Overcoats and Topcoats  
Regular Models

Short Coats  
Wool and Wool mixtures

	<u>Men's and Youths'</u>	<u>Boys'</u>	<u>Men's and Youths'</u>	<u>Boys'</u>
1953	759	31	552	156
1954	650	37	576	252
1955	666	46	900	396
1956	690	39	n.a.	n.a.

Women's and Misses'

	<u>Coats</u>	<u>Suits</u>	<u>Separate** Jackets</u>	<u>Dresses**</u>	<u>Skirts</u>
1953	1,608	403	141	335	954
1954	1,582	416	120	331	1,098
1955	1,521	414	112	349	1,129
1956	1,504	436	89	425	1,356

\*Total of quarterly production

\*\*Wool and Wool mixtures

Source: D.B.S. Industry and Merchandising Division

TABLE XVI

Value of Clothing Sales  
(million dollars)

	<u>Wholesale</u>	<u>Retail</u>				
		<u>Clothing Stores</u>			<u>Department Stores</u>	
		Men's	Women's	Family	Men's	Women's Coats & Suits
1953	88.9	214.1	219.1	208.8	31.8	29.5
1954	80.9	207.2	221.4	191.3	33.3	28.7
1955	86.4	214.3	225.2	199.9	34.6	28.9
1956	89.5	227.4	242.8	211.9	37.0	30.5
						Boys'
						26.7
						27.7
						29.0
						31.2

Source: Dominion Bureau of Statistics - Industry and Merchandising Division.

TABLE XVII

Value of Inventories of Men's Clothing<sup>(1)</sup> Industry  
(1000 dollars)

<u>End of</u>	<u>Raw Materials</u>	<u>Goods in Process</u>	<u>Finished Products</u>	<u>Total Value</u>
1954				
March	37,520	8,042	17,789	63,351
June	35,278	7,500	19,429	62,207
Sept.	35,047	7,142	17,950	60,139
Dec.	30,473	6,158	18,361	54,992
1955				
March	27,593	6,288	19,732	53,613
June	29,800	6,680	20,260	56,740
Sept.	30,852	7,211	16,402	54,465
Dec.	30,361	7,185	13,528	51,074
1956				
March	30,880	8,011	14,060	52,951
June	32,762	8,794	15,666	57,222
Sept.	32,779	8,850	14,731	56,360
Dec.	33,213	8,043	14,834	56,090
1957 <sup>(2)</sup>				
March	33,683	8,997	15,423	58,103
June	35,992	10,071	18,418	64,481
Sept.	34,235	10,234	17,343	61,812

(1) Includes Men's Clothing Contractors. (2) Subject to revision

Source: Dominion Bureau of Statistics — Inventories Section.



Total Imports of Wool Cloth — Tariff Item 554b

(1000 lbs.)

	<u>Total</u>	<u>from the United Kingdom</u>	<u>% of Total</u>	<u>From Countries other than the U.K.</u>	<u>% of Total</u>
1935-1939 (Av.)	7,801	7,643	98.0	158	2.0
1946-1949 (Av.)	9,945	8,586	86.3	1,359	13.7
1950	9,875	9,004	91.2	871	8.8
1951	9,255	7,957	86.0	1,298	14.0
1952	9,600	8,865	92.4	735	7.6
1953	12,782	11,900	93.1	882	6.9
1954	9,718	8,965	92.2	753	7.7
1955	10,489	9,525	90.8	964	9.2
1956	14,640	12,621	86.2	2,019	13.8
1956 1st half	7,012	6,100	87.0	912	13.0
1957 1st half	8,645	6,479	74.9	2,166	25.1

Source: Dominion Bureau of Statistics - Trade of Canada.

TABLE XIX

Imports of Wool Cloth - Tariff item 554b  
From Countries other than the United Kingdom

('000 lbs.)

<u>Year</u>	<u>United States Total</u>	<u>Italy</u>	<u>France</u>	<u>Nether- lands</u>	<u>Germany</u>	<u>Japan</u>	<u>Ireland</u>	<u>Other</u>
1950	871	203	98	22	3	-	-	389
1951	1,298	640	134	25	10	-	-	314
1952	735	224	76	63	10	-	-	114
1953	882	270	93	127	27	-	-	109
1954	753	232	100	84	18	3	2	66
1955	964	450	98	82	31	13	3	64
1956	2,019	1,425	109	113	41	41	30	65
1956 1st half	912	634	57	47	17	16	13	36
1957 1st half	2,166	1,831	81	27	29	24	16	54

Source: Dominion Bureau of Statistics - Trade of Canada.

TABLE XX

Imports of Wool Cloth — Tariff Item 554b  
Showing imports under each of the classes in which the imports are recorded

	('000 lbs.)														
	Flannels		Felt Cloth n.o.p.		Overcoatings		Tweeds		Worsted and Serges		Woven Fabrics n.o.p.		Wool Fabrics cut pile		
	Total	from U.K.	Total	from U.K.	Total	from U.K.	Total	from U.K.	Total	from U.K.	Total	from U.K.	Total	from U.K.	
1935-1939 Average	7,801	242	242	3	2	1,065	1,044	1,167	1,160	4,305	4,241	983	925	36	26
1946-1949 Average	9,945	331	316	11	2	511	482	1,022	983	7,283	6,318	587	372	199	113
1950	9,875	273	271	11	8	465	460	531	328	7,443	6,754	955	832	198	150
1951	9,255	239	220	5	1	426	408	392	390	7,325	6,259	778	612	89	66
1952	9,600	517	513	50	-	619	601	508	504	6,858	6,392	996	817	51	37
1953	12,782	627	621	4	-	731	706	683	681	9,069	8,484	1,615	1,360	53	48
1954	9,718	659	650	2	-	575	547	615	608	6,404	5,939	1,428	1,197	35	24
1955	10,489	956	938	8	6	670	651	1,134	1,096	6,335	5,734	1,359	1,084	27	16
1956	14,640	961	931	3	-	1,216	1,110	2,255	2,035	8,960	7,661	1,213	869	32	15
1956 1st half	7,012	451	443	3	2	582	519	926	856	4,394	3,795	639	476	17	9
1957 1st half	8,645	618	563	1	-	1,311	1,059	1,581	1,158	4,640	3,421	477	271	17	7

Source: Dominion Bureau of Statistics - Trade of Canada.

TABLE XXI

## Duty Yield -- Imports from the United Kingdom -- Tariff Item 554b

[illegible]

TABLE XXII Duty Yield -- Imports under M.F.N. Tariff -- Tariff Item 554b

<u>Year</u>	<u>Imports</u> 000 lbs.	<u>Invoice Value</u> \$000	<u>Duty</u> \$000	<u>Average</u> <u>Invoice Value</u> \$ per lb.	<u>Duty Yield</u> \$ per lb.	<u>Duty as</u> <u>per cent of</u> <u>Invoice Value</u> %
			Total Imports			
1953	843	3,022	864	3.58	1.02	28.5
1954	722	2,733	736	3.79	1.02	26.9
1955	945	3,015	881	3.19	.93	29.2
1956	1,980	4,440	1,564	2.24	.79	35.3
			Flannels			
1953	6	19	6	3.17	1.00	31.5
1954	9	36	10	4.00	1.11	27.8
1955	19	57	17	3.00	.89	29.8
1956	30	66	25	2.20	.83	37.9
			Overcoatings			
1953	24	69	26	2.87	1.08	37.6
1954	28	81	26	2.89	.93	32.1
1955	19	51	19	2.68	1.00	37.3
1956	103	165	75	1.60	.73	45.6
			Tweeds			
1953	2	6	2	3.00	1.00	33.3
1954	7	18	6	2.57	.86	33.3
1955	38	75	29	1.97	.76	38.7
1956	199	305	129	1.53	.65	42.5
			Worsted and Serges			
1953	548	2,060	570	3.76	1.04	27.7
1954	435	1,772	458	4.07	1.05	25.8
1955	584	1,958	557	3.35	.95	28.4
1956	1,284	3,005	1,028	2.34	.80	34.2

Source: Dominion Bureau of Statistics - Trade of Canada



TABLE XXIII

Imports by Source  
(1000 lbs.)

Year	United Kingdom	Italy	United States	Other	Total
Tariff Item 554 - Woven fabrics, composed wholly or in chief part by weight of yarns of wool or hair, not exceeding in weight six ounces to the square yard, n.o.p., when imported in the gray or unfinished condition, for the purpose of being dyed or finished in Canada - (s.c. 3281)					
1946	337	-	-	-	337
1947	233	-	17	-	250
1948	305	2	-	2	309
1949	143	-	-	-	143
1950	143	24	-	-	167
1951	70	34	-	-	104
1952	54	41	-	-	95
1953	39	26	-	-	65
1954	41	33	-	-	74
1955	29	80	-	9	118
1956	28	68	-	6	102
1956(6 mos.)	19	11	-	-	30
1957(6 mos.)	7	3	-	-	10
Tariff Item 554c - Woven fabrics, composed wholly or in chief part by weight of yarn of wool or hair, not exceeding in weight four ounces to the square yard, when imported in the gray or unfinished condition, for the purpose of being dyed or finished in Canada - (s.c. 3282)					
1946	687	-	-	1	688
1947	534	-	-	-	534
1948	774	-	-	-	774
1949	531	-	-	-	531
1950	341	-	-	-	341
1951	199	-	-	-	199
1952	242	-	-	-	242
1953	284	-	-	-	284
1954	177	-	-	-	177
1955	154	-	-	2	156
1956	170	-	-	-	170
1956(6 mos.)	93	-	-	-	93
1957(6 mos.)	83	-	-	-	83

Source: Dominion Bureau of Statistics - Trade of Canada

Imports by Source  
(1000 lbs.)

Year	United Kingdom	Italy	United States	Other	Total
Tariff Item 554a - Woven fabrics, consisting of cotton warps with wefts of lustre wool, mohair or alpaca, generally known as lustres or Italian linings, n.o.p. - (s.c. 3290)					
1946	13	-	1	-	14
1947	13	-	33	-	46
1948	14	-	-	-	14
1949	7	-	-	-	7
1950	9	-	-	-	9
1951	4	-	-	-	4
1952	2	-	-	-	2
1953	2	-	1	-	3
1954	2	-	-	-	2
1955	2	-	-	-	2
1956	1	-	-	-	1
1956(6 mos.)	-	-	-	-	-
1957(6 mos.)	-	-	1	-	1

Source: Dominion Bureau of Statistics - Trade of Canada

TABLE XXV

United Kingdom Woven Wool Cloth Exports to Canada

(1000 linear yards)

Year	Total Wool Fabrics			Grand Total
	Woollens	Worsteds	Miscellaneous Fabrics	
1935-39	6,294	4,160	898	11,352
1946-49	7,218	4,755	640	12,613
1950	6,422	5,357	411	12,190
1951	5,266	5,473	292	11,031
1952	6,871	4,574	259	11,704
1953	8,355	6,439	336	15,130
1954	7,123	4,008	300	11,431
1955	8,322	3,674	244	12,240
1956	11,041	3,857	313	15,211
1956 1st half	5,324	2,059	139	7,522
1957 1st half	5,619	2,088	140	7,847

Source: Trade and Navigation Reports of the United Kingdom.

U.K. Moven Wool Cloth Exports to Canada\*

TABLE XXVI

83

Woollen Fabrics										
All Wool				Woollen Mixtures						
Year	16 oz. and over	12-16	8-12	Under 8	16 oz. and over	12-16	8-12	Under 8	Total Woollens	
									(000) sq. yds.	(000) lin. yds.
1953	574	779	3,910	3,207	100	239	1,715	1,491	12,051	8,355
1954	319	696	3,106	2,589	37	258	1,579	1,690	10,274	7,123
1955	268	831	3,844	2,416	39	518	2,192	1,896	12,004	8,322
1956	531	1,315	4,786	2,600	52	1,330	3,027	2,285	15,926	11,041
1st half 1956										
1957	220	706	2,207	1,276	16	713	1,374	1,167	7,679	5,324
1st half 1957										
1st half	276	704	1,906	1,395	95	701	1,498	1,529	8,104	5,619
Worsted Fabrics										
All Wool				Worsted Mixtures						
Year	16 oz. and over	12-16	8-12	Under 8	16 oz. and over	12-16	8-12	Under 8	Total Worsted	
									(000) sq. yds.	(000) lin. yds.
1953	18	42	6,419	2,540	9	25	134	100	9,287	6,439
1954	20	37	3,808	1,727	2	4	108	75	5,781	4,008
1955	12	47	2,994	1,988	2	5	141	110	5,299	3,674
1956	10	58	2,896	2,098	5	5	234	257	5,563	3,857
1st half 1956										
1957	5	30	1,466	1,199	3	1	125	141	2,970	2,059
1st half 1957										
1st half	3	23	1,178	1,478	4	11	142	172	3,011	2,088

\*See Tariff Board Report - Reference 116 - Tables XXXI - XXXIII.  
Source: Trade and Navigation Reports of the U.K.

\*See Tariff Board Report - Reference 116 - Tables XXXI - XXXIII.  
Source: Trade and Navigation Reports of the U.K.

U.K. Woven Wool Cloth Exports to Canada

TABLE XXVII

Miscellaneous Wool Fabrics

	Mohair, alpaca, cashmere	Damasks, tapestry, etc.	Pile fabrics	(000) square yards		Inter- linings	Cut lengths	(000) sq. yds. (000) lin. yds.	
				Mech- anical	Linings			Total Miscellaneous Wool Fabrics	
1953	44	2	49	8	109	181	91	484	336
1954	23	7	18	6	96	204	79	433	300
1955	41	4	21	8	118	160	*	352	244
1956	42	3	23	7	140	237	*	452	313
1956 1st half	23	0	10	3	64	101	*	201	139
1957 1st half	47	0	8	4	42	102	*	203	141

\*Included under Woven Woollen and Worsted Fabrics since 1955.  
Source: Trade and Navigation Reports of the U.K.



## CANADIAN WOOL CLOTH INDUSTRY

FINANCIAL INFORMATION  
SUBMITTED TO THE TARIFF BOARD—  
REFERENCE 125  
—

Composite Financial Statement, relative chiefly to the situation of Nineteen Wool-Cloth Establishments and covering their fiscal years, 1950-56, inclusive, as presented at the public sitting in November, 1957 by Mr. E.H. Ambrose of Clarkson, Gordon and Co., Chartered Accountants, Hamilton, Ontario.

CANADIAN WOOL CLOTH INDUSTRY

NINETEEN COMPANIES INCLUDED IN COMBINED FIGURES

FOR FISCAL YEARS ENDED 1950-1956 INCLUSIVE

Artax Woollen Mills Ltd.	Toronto, Ontario
Barrymore Cloth Company Limited	Toronto, Ontario
The Brook Woollen Co. of Simcoe Limited	Simcoe, Ontario
Campbellford Cloth Company Limited	Campbellford, Ontario
Dominion Woollens & Worsteds, Limited	Hespeler, Ontario
Downs Coulter & Co. (Canada) Limited	Trenton, Ontario
Fawcett & Grant Limited	Huntingdon, Quebec
Hield Brothers, (Canada) Limited	Kingston, Ontario
J.A. Humphrey & Son, Limited	Moncton, New Brunswick
Huntingdon Woollen Mills Ltd.	Huntingdon, Quebec
Leach Textiles Limited	Huntingdon, Quebec
Lester & Burton Limited	Toronto, Ontario
Montrose Worsted Mills Inc.	Montreal, Quebec
The Paris Winsey Mills Company Limited	Paris, Ontario
Paton Manufacturing Co. Ltd.	Montreal, Quebec
Pik Mills Ltd.	Quebec, Quebec
The Slingsby Manufacturing Co. Limited	Brantford, Ontario
Tayside Textiles Limited	Perth, Ontario
West Coast Woollen Mills Limited	Vancouver, British Columbia

CANADIAN WOOL CLOTH INDUSTRYFINANCIAL STATEMENTS SUBMITTED BY NINETEEN COMPANIES

<u>Fiscal year</u>	<u>Audited statements</u>	<u>Copy of audited statements certified by company official</u>	<u>Copy of annual statements certified by company official</u>	<u>Total</u>
1950	15	3	1	19
1951	15	3	1	19
1952	15	3	1	19
1953	15	3	1	19
1954	14	2	3	19
1955	15	1	3	19
1956	16	1	2	19

CANADIAN WOOL CLOTH INDUSTRY

COMBINED STATEMENT OF SALES AND PROFIT AND LOSS

NINETEEN COMPANIES

FOR SEVEN FISCAL YEARS ENDED 1950-1956 INCLUSIVE  
(expressed in thousands)

<u>Year</u>	<u>Sales</u>		<u>Profit or (loss) before depreciation</u>	<u>Depreciation</u>	<u>Profit or (loss) before income taxes</u>	<u>Income taxes or tax credit</u>	<u>Net profit or (loss)</u>	<u>Percentage of sales</u>	
	<u>Linear yards</u>	<u>Dollars</u>						<u>Profit or (loss) before depreciation and taxes</u>	<u>Net profit or (loss)</u>
1950	14,020	\$45,320	\$4,834	\$1,428	\$ 3,406	\$1,401	\$ 2,005	10.67 %	4.42 %
1951	12,454	57,180	(328)	1,080	(1,408)	177	(1,585)	(.57)	(2.77)
1952	11,219	47,460	(70)	742	(812)	321	(1,133)	(.15)	(2.39)
1953	11,233	36,669	(348)	577	(925)	(138)	(787)	(.95)	(2.15)
1954	10,417	32,871	(435)	328	(763)	2	(765)	(1.32)	(2.33)
1955	11,836	38,055	437	397	40	185	(145)	1.15	(.38)
1956	12,697	39,349	485	519	(34)	160	(194)	1.23	(.49)

CANADIAN WOOL CLOTH INDUSTRYCOMBINED BALANCE SHEETSNINETEEN COMPANIES

FOR FISCAL YEARS 1950, 1953 AND 1956  
 (expressed in thousands of dollars)

	<u>1950</u>	<u>1953</u>	<u>1956</u>
Current assets:			
Cash and marketable securities	\$ 918	\$ 927	\$ 1,166
Accounts receivable	5,799	4,397	5,766
Inventories	18,039	13,539	11,837
Income taxes recoverable	87	305	-
Other	<u>333</u>	<u>251</u>	<u>365</u>
Total	<u>\$25,176</u>	<u>\$19,419</u>	<u>\$19,134</u>
Current liabilities:			
Bank indebtedness	\$ 6,941	\$ 5,100	\$ 8,281
Accounts payable and accrued	3,444	4,138	4,309
Taxes payable	1,170	68	107
Other	<u>2,272</u>	<u>3,355</u>	<u>841</u>
Total	<u>\$13,827</u>	<u>\$12,661</u>	<u>\$13,538</u>
Working capital	<u>\$11,349</u>	<u>\$ 6,758</u>	<u>\$ 5,596</u>
Fixed assets	\$21,096	\$22,630	\$23,592
Less accumulated depreciation	<u>12,902</u>	<u>14,703</u>	<u>15,506</u>
	\$ 8,194	\$ 7,927	\$ 8,086
Other assets	<u>794</u>	<u>1,411</u>	<u>1,521</u>
	<u>\$ 8,988</u>	<u>\$ 9,338</u>	<u>\$ 9,607</u>
Capital invested	\$20,337	\$16,096	\$15,203
Funded debt or long-term borrowing	<u>3,038</u>	<u>3,363</u>	<u>3,400</u>
Shareholders' equity	<u>\$17,299</u>	<u>\$12,733</u>	<u>\$11,803</u>
Represented by:			
Capital	\$ 5,521	\$ 5,922	\$ 5,968
Surplus	10,156	6,306	5,425
Reserves	<u>1,622</u>	<u>505</u>	<u>410</u>
Total	<u>\$17,299</u>	<u>\$12,733</u>	<u>\$11,803</u>
Total assets (current, fixed and other)	\$34,164	\$28,757	\$28,741



CANADIAN WOOL CLOTH INDUSTRY  
INTERIM NET PROFITS OR (LOSSES) FOR 1957  
COMPARED WITH 1956 FISCAL YEAR  
ELEVEN COMPANIES

<u>Number of months'</u> <u>operations</u> <u>reported for 1957</u>	<u>1957</u> <u>interim</u>	<u>1956</u> <u>fiscal</u> <u>year</u>
6	\$ 20,516	\$(141,950)
9	(39,464)	42,410
7	3,173	(11,245)
6 (1 month in 1956)	67,190	76,034
6	(3,651)	3,678
12 (6 months in 1956)	(x) 9,932	3,846
6	11,945	36,822
6	797	65,254
9	(235,307)	(143,843)
5	(24,143)	51,860
12 (5 months in 1956)	(x) <u>(454)</u>	<u>43,993</u>
Total for eleven companies	<u>\$(189,466)</u>	\$ 26,859
Eight companies who did not submit interim statements for 1957		<u>(220,702)</u>
Total for nineteen companies		<u>\$(193,843)</u>

(x) Audited statements submitted.

CANADIAN WOOL CLOTH INDUSTRYCOMBINED FINANCIAL RESULTS OF NINETEEN COMPANIES RECONCILED  
WITH THOSE OF TWENTY-THREE COMPANIES COMPILED FOR 1954 SUBMISSIONFOR FOUR FISCAL YEARS ENDED 1950-1953 INCLUSIVE  
(expressed in thousands of dollars)

	<u>1950</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>
Combined net profit or (loss) for twenty-three companies compiled for 1954 submission	\$1,879	\$(2,505)	\$(1,677)	\$(1,425)
Deduct results of four companies who have ceased operations since 1954	<u>108</u>	<u>(714)</u>	<u>(326)</u>	<u>(367)</u>
	\$1,771	\$(1,791)	\$(1,351)	\$(1,058)
Deduct other adjustments (see note below)	<u>(234)</u>	<u>(206)</u>	<u>(218)</u>	<u>(271)</u>
Combined net profit or (loss) for nineteen companies (exhibit 3)	<u>\$2,005</u>	<u>\$(1,585)</u>	<u>\$(1,133)</u>	<u>\$(787)</u>

Note: Other adjustments shown above comprise:

- (a) The inclusion in 1957 of the results of two companies not available for the 1954 submission.
- (b) The exclusion in 1957 of the results of two companies whose principal business is not now the production of wool cloth.

## APPENDIX C

Nominal Roll of Associations, Unions, Firms and  
Other Organizations Which Made Representations

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Primary Textiles Institute

Supporting:

Canadian Allied Textile Trades Association  
Dominion Wool Dealers Association Limited, The  
National Garment Manufacturers Association  
Textile Workers Union of America, CLC, AFL-CIO  
United Textile Workers of America - Council of Canada  
West Coast Woollen Mills Ltd.

Opposition:

Associated Clothing Manufacturers (of Ontario)  
British Textile Agents Association of Canada, The - Montreal Branch  
British Textile Agents Association of Canada, The - Toronto Branch  
British Textile Agents Association of Canada, The - Winnipeg Branch  
British Columbia Loggers' Association (Incorporated)  
British Columbia Lumber Manufacturers Association, The  
Canadian Clothing Manufacturers Association (of Quebec)  
Canadian Importers & Traders Association Inc.  
Consolidated Red Cedar Shingle Association of British Columbia, The  
Dominion Dyeing & Printing Co. Ltd.  
Gordon Mackay and Company Limited  
Interprovincial Farm Union Council  
Irish Textile Agents' Association of Canada  
Italian Wool Textile Industry Association  
Montreal Dress Manufacturers' Guild  
National Council of Clothing Manufacturers of Canada  
Northcott, C., Silk Co., Ltd.  
Orson, D., & Co.  
Plywood Manufacturers Association of British Columbia, The  
Powell River Co., Limited  
Textile Wholesalers Association  
Trenton Dyeing and Finishing Co. Ltd.  
Truck Loggers' Association, The

United Kingdom:

The Wool Textile Delegation  
The Export Group, National Wool Textile Executive  
in association with  
The National Association of Scottish Woollen Manufacturers  
The West of England Textile Employers' Association  
The Bradford Chamber of Commerce Inc.  
The Huddersfield Chamber of Commerce Inc.  
The Leeds Chamber of Commerce Inc.

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Canadian Association of Consumers  
Canadian Federation of Agriculture, The



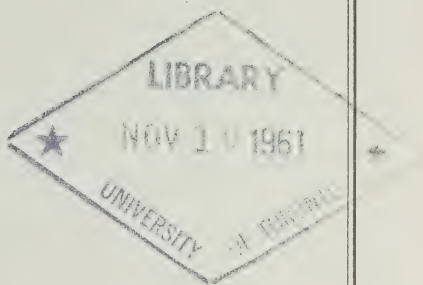




EDMOND CLOUTIER, C.M.G., O.A., D.S.P.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1958

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Report by

**THE TARIFF BOARD**

Relative to the Investigation Ordered  
by the Minister of Finance  
respecting

**BATTING AND WADDING  
AND  
COATED OR IMPREGNATED FABRICS**

**Reference No. 125**  
(TEXTILES)





Report by

**THE TARIFF BOARD**

Relative to the Investigation Ordered  
by the Minister of Finance  
respecting

**BATTING AND WADDING  
AND  
COATED OR IMPREGNATED FABRICS**

***Reference No. 125***  
(TEXTILES)

Price 50 cents      Cat. No. FT4—125/9

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1961



THE TARIFF BOARD

---

L.C. Audette, Q.C.	Chairman
G.H. Glass	First Vice-Chairman
F.L. Corcoran	Second Vice-Chairman
G.A. Elliott	Member
E.C. Gerry	Member

---

J.E. Gander	J.C. Leslie
Director of Research	Secretary

B.F. Armishaw  
Economist



The Honourable Donald M. Fleming, P.C., Q.C., M.P.  
Minister of Finance  
Ottawa, Ontario

Dear Mr. Fleming:

I refer to your letter of September 24, 1957, in which you requested the Tariff Board to conduct an inquiry respecting textile products.

In conformity with Section 6 of the Tariff Board Act, I have the honour to transmit the ninth Report of the Board respecting textile products, in English and in French. This Report relates to batting and wadding and coated or impregnated fabrics. A copy of the transcript of the proceedings at the public hearing accompanies this Report.

Yours sincerely

A handwritten signature in dark ink, appearing to read "J. C. Audette", followed by a long, sweeping horizontal flourish that extends to the right.

Chairman



## THE TARIFF BOARD

—

Reference No. 125  
(Textiles)

This ninth Report of the Tariff Board on Reference No. 125 concerning textiles is composed of two sections:

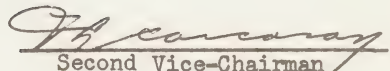
Section I    Batts, Batting and Wadding

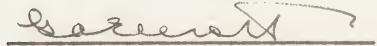
Section II   Coated or Impregnated Fabrics

It contains the recommendations of the Board on the tariff treatment to be accorded to these goods.

  
Chairman

  
First Vice-Chairman

  
Second Vice-Chairman

  
Member

  
Member

Ottawa, April 13, 1961





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Explanation of Symbols

- Denotes nil or zero
- .. Indicates that figures are not available
- \* Indicates a reported figure which disappears on rounding
- (a) A small letter in brackets denotes a footnote to a table
- (1) A number in brackets denotes a footnote to the text
- s.c. Denotes an import statistical class





## THE TARIFF BOARD

—

Reference No. 125

(Textiles)

—

The letter of reference from the Minister of Finance, directing the Tariff Board to conduct an inquiry relative to the Textile schedule of the Customs Tariff, was quoted in full in the Board's Report on Wool Fabrics, dated March 5, 1958. The Tariff Board has already submitted its findings and recommendations respecting Wastes (of all fibres), Wool (including tops and noils) and Wool Yarns; Wool Fabrics (woollens and worsteds); Cotton and Cotton Products; Silk and Man-Made Fibres and Products (so-called synthetics); Hosiery and Knitted Goods; Narrow Fabrics, Lace, Embroideries, and Fire-hose; Manufactures of Wool or Hair and Related Products; and Miscellaneous Textiles. This Report relates to Batting and Wadding and Coated or Impregnated Fabrics.

The products reviewed in this Report are classified under tariff items 536, 538d, 538i(1), 538i(2), 541c, 541d, 546 (in part), 546a, 548 (in part) and 555 (in part).

Public hearings were held in Ottawa from December 7 to December 9, 1959, inclusive.

A list of the Companies and Associations which made representations to the Board follows:

## Representations:

Association of Millinery Manufacturers, The, Montreal, P.Q.  
 British Jute Trade Federal Council, Dundee, Scotland  
 Canada Wire and Cable Company, Toronto, Ont.  
 Canadian Canvas Goods Manufacturers' Association, Inc., Hamilton, Ont.  
 Canadian Linoleum Manufacturers  
   Barry & Staines Linoleum (Canada) Limited, Farnham, P.Q.  
   Dominion Oilcloth & Linoleum Co. Limited, Montreal, P.Q.  
 Coated Fabrics Industry  
   Allied Rubber Inc., Montreal, P.Q.  
   Bemis Associates of Canada Limited, Sherbrooke, P.Q.  
   Canadian General-Tower Limited, Galt, Ont.  
   Canadian Industries Limited, Montreal, P.Q.  
   Canadian Resins & Chemical Division of Shawinigan Chemicals Ltd.,  
     Montreal, P.Q.  
   Daly & Morin Ltd., Montreal, P.Q.  
   Dominion Rubber Co. Limited, Kitchener, Ont.  
   Granby Elastic & Textiles Limited, Granby, P.Q.  
   Monsanto Oakville Limited, Oakville, Ont.  
   Service Backing & Coating Corp., Montreal, P.Q.  
   Stedfast Rubber Co. (Canada) Limited, Granby, P.Q.  
 Cooley Inc., Pawtucket, R.I.  
 Dominion Steel and Coal Corporation, Limited, Montreal, P.Q.  
 Dominion Wadding Company, Limited, Montreal, P.Q.  
 Flaxspinners' and Manufacturers' Association of Great Britain,  
   Dundee, Scotland  
 Galt Malleable Iron Limited, Galt, Ont.  
 Glen Raven Cotton Mills, Glen Raven, N.C.  
 Gourock-Bridport Limited, Montreal, P.Q.  
 Japan Textile Products Exporters' Association, The, Osaka, Japan  
 Leathercloth and Coated Fabrics Manufacturers' Association, The,  
   Manchester, England  
 Primary Textiles Institute, Montreal, P.Q. and Toronto, Ont.  
 Rubber Association of Canada, The, Toronto, Ont.  
 Silk and Rayon Users' Association (Inc.), The, London, England  
 Toronto Quilting and Embroidery Limited, Toronto, Ont.

Representatives of the following interests were present at the public hearing, but did not make submissions:

Du Pont Company of Canada Limited, Montreal, P.Q.  
 Italian Embassy, Ottawa, Ont.  
 United Kingdom Trade Commissioner, Ottawa, Ont.  
 Vinyl Fabric Institute, New York, N.Y.

BATTS, BATTING AND WADDING  
AND COATED OR IMPREGNATED FABRICS

The following products are reviewed in this Report:

Section I    Batts, Batting and Wadding

Section II   Coated or Impregnated Fabrics



SECTION IBATTS, BATTING AND WADDINGThe Products

Batts, batting and wadding are described in the submission of The Dominion Wadding Company Limited as follows:

"Batts and Batting is a term used to identify a padding used for many purposes from automotive seat padding to sterile rolls of bleached cotton."(1)

"Wadding also is a term which is used to identify a padding very similar to batts and batting. The basis for wadding as manufactured by us, is the weight in a 12 yard length 36" wide. It is made from 1 lb. to 15 lbs. and in widths from 30" to 72"."(2)

In the Callaway Textile Dictionary these products are defined in the following terms:

**Batting:** Slightly matted layers or sheets of cotton or wool fibers. Used for stuffing, quilting, padding, etc. Cotton batting when bleached and sterilized is used as a medical dressing.

**Wadding:** Any soft stuff of loose texture used for stuffing, padding garments, and the like, especially prepared sheets of carded cotton.

The definitions in The "Mercury" Dictionary of Textile Terms are slightly different:

**Batting:** Slightly matted layers or sheets of raw cotton or wool used for stuffing, prepared in the batting machine which beats, opens and cleans the material.

**Wadding:** Fabric composed of wool fibres felted into a compact mass by the application of heat, moisture and pressure without weaving. Used extensively in tailoring, for upholstery, padding cushions, laundry presses and other machine purposes.

Batts, batting and wadding are named in Tariff Item 536 which reads "Batts, batting and wadding of wool, cotton or other fibre, n.o.p." The Department of National Revenue classifies under this item such batting and wadding as is held together by the natural characteristics of the fibres and retains its natural resilience,

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(1) Proceedings (Official Report) at the Public Hearing respecting Cottons: April 1, 1958 - Page 463

(2) Ibid: Page 469



whether or not it contains a small amount of some bonding agent. However, if the product is held together by a sizeable amount of a bonding agent rather than by the natural characteristics of the fibre, it is regarded as a bonded fabric and classified as a textile manufacture under various tariff items according to fibre content.

Batts, batting and wadding are used by the Automobile industry, cap manufacturers, furriers, embroiderers, the leather industry, bookbinders, the padding trade, hospitals, the furniture industry and by the manufacturers of quilting for garments and other articles.

### The Industry

There are approximately fifteen producers of batting and wadding in Canada. For some of these firms batting and wadding are their principal products, for others they are not. The main centre of production is Montreal but smaller amounts are produced in Toronto, Kitchener, Winnipeg and Vancouver.

Materials used in the manufacture of batting and wadding include cotton wastes, mixed rags, clipping waste, linters and shoddies as well as some cotton and wool and small quantities of man-made staple fibres. The cotton wastes are purchased from cotton mills in Canada and the United States, the linters come from cotton seed oil mills in the United States, while the rag shoddies are of Canadian origin. Raw materials are reported to account for some 60 per cent of the cost of manufacturing the goods.

The initial operation in the manufacture of batting and wadding is the opening and blending of the fibres. The mixture is then fed to process pickers which remove impurities and form a loose sheet of fibres known as a lap. Laps are built up layer by layer until the required thickness is obtained, paper inlays are inserted, and the material is made into rolls for shipment.

Statistics of total employment in the manufacture of batts, batting and wadding in Canada are not published. It is known, however, that in 1958, the major firms producing batting and wadding employed more than 400 persons, although some of these were employed in the production of other products. Labour accounts for about 30 per cent of the cost of manufacturing batting and wadding.

### The Market for Batts, Batting and Wadding

Since 1950, a number of fluctuations have occurred in the Canadian market for batts, batting and wadding as appears from Appendix I, Table 4. During the period 1950 to 1953 inclusive, peaks were reached in 1951 when the market amounted to slightly more than \$5 million and in 1953 when it reached \$6.5 million. In 1954, a generally unfavourable year in the textile industry, the consumption of batts, batting and wadding declined by 27 per cent to \$4.7 million; in 1957, it reached a peak of over \$7 million; in 1958 it was \$6.4 million. From import statistics, it would appear that prices of cotton batting and wadding which account for the bulk of the market have remained quite stable since 1950.

In the years 1950 to 1958 inclusive, the share of the market held by domestic producers fell below 90 per cent only in 1954. Since that year, the substantial increase in the Canadian market for batts, batting and wadding has been supplied almost entirely by the increase in domestic shipments. These rose by \$2.5 million to \$6.6 million in 1957, though they declined to \$5.8 million in 1958. For the past five years total imports have amounted to approximately \$535,000 per year, nearly all from the United States.

#### Position of Canadian Producers Under Existing Tariff

The Board was informed that raw materials account for approximately 60 per cent of the total cost of manufacturing batting and wadding in Canada. With the exception of man-made staple fibre, which carries a most-favoured-nation rate of  $12\frac{1}{2}$  p.c., the more important raw materials are free of duty.

With respect to labour, overhead and total costs, the industry neither made nor suggested a comparison between Canada and the United States. It might appear, then, that differentials in total cost are not excessive relative to existing rates of duty.

Although general information was submitted by a large producer primarily engaged in the production of batting and wadding, it was not possible to obtain complete information on the profitability of producing batting and wadding in Canada.

#### Proposals

Proposals were submitted respecting Tariff Item 536 by the Primary Textiles Institute, the Dominion Wadding Company Limited, Montreal, and the Toronto Quilting and Embroidery Limited, Toronto.

The Primary Textiles Institute proposed that the wording and rates of duty of existing item 536 be retained:

"At the time of the Tariff Board cotton textile hearings, the Primary Textiles Institute proposed a complete schedule of cotton tariff items, including an item to cover these materials (batts, batting and wadding). We had no strong views as to either wording or rates of duty, as long as the duty rates did not undermine those applicable to associated items; for example, we would consider that the rates should be somewhat advanced over those for man-made staple from which much batting and wadding is now made. We therefore proposed that the existing item be continued in the tariff unchanged as to wording or rates of duty. This proposal is still before the Board, and we suggest no change therein."<sup>(1)</sup>

The Dominion Wadding Company Limited proposed in their submission concerning Cotton Textiles that existing item 536 be replaced by the following:

<sup>(1)</sup>Proceedings (Official Report) at the Public Hearing respecting Review of Items (henceforth cited as Proceedings) Dec. 7, 1959, Page 10.

Batts, batting and wadding, wholly or in part of synthetic fibres, not bonded.

<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
12½ p.c.	22½ p.c.	27½ p.c.

Batts, batting and wadding, not bonded, n.o.p.

<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
12½ p.c.	20 p.c.	25 p.c.

The above proposal would result in the establishing of two new items: one item for batting and wadding composed wholly or in part of synthetic fibres with a most-favoured-nation rate of 22½ p.c. compared with the present rate of 20 p.c., and a second item for batting and wadding of other types of fibres at the present rates of duty. The following reason was given for an increase in the most-favoured-nation rate of duty on batting and wadding containing synthetic fibres:

"Our reason for asking for a differential between the natural and synthetic fibres, is because cotton wastes and linters come into Canada duty free and cotton is not a product of Canada. However, synthetic fibres are made in Canada and are subject to duty, therefore we feel that batting or wadding made of synthetic fibres should bear a higher rate of duty."(1)

Synthetic fibres are dutiable under item 560a at the British preferential rate of 5 p.c. and at the most-favoured-nation rate of 12½ p.c.

The words "not bonded" in the proposed items would exclude from them all batts, batting and wadding containing a bonding agent, some of which are now classified under item 536. Such products would then become dutiable as textile manufactures, under different items depending on their fibre content; if wholly of cotton, they would be entered under item 523a at 25 p.c. under both the British Preferential and Most-Favoured-Nation Tariffs; if 50 per cent or more by weight of man-made fibres, they would be entered under item 563 at the British preferential rate of 20 p.c. and at the most-favoured-nation rate of 27½ p.c. No information was presented either on the production or the imports of batts, batting and wadding that contain bonding agents.

Toronto Quilting and Embroidering Limited, a user of batting and wadding, proposed that the existing preferential and most-favoured-nation rates under item 536 be reduced by 5 p.c. ad valorem. Their spokesman commented on the disadvantage facing Canadian quilters respecting their competitive position in the domestic market. He said that a number of Canadian clothing manufacturers were buying fabrics of man-made fibre in the United States and having them quilted there.

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(1) Proceedings (Official Report) at the Public Hearing respecting Cottons, April 1, 1958, Page 471



By having the fabrics quilted in the United States, the manufacturer pays less duty on certain quilted fabrics, including wadding, than he would pay on the fabric alone. The spokesman for the Toronto Quilting Company took the position that a reduction in duty on batting and wadding would improve the competitive position of Canadian quilters by reducing the prices of batting and wadding in Canada.

Information on two types of wadding was presented to the Board which included the prices of domestic as well as of comparable United States products. The domestic producers appear to be taking full advantage of the existing duty on these products. Consequently any reduction in the present rate of duty would tend to result in lower prices.

### Problem of Nomenclature

At the hearing on Cotton and Cotton Products a discussion took place relating to the difficulty of distinguishing between batts, batting and wadding on the one hand, and bonded fabrics or insulating material, on the other. A special working party, composed of representatives from industry, was set up to explore the possibility of arriving at a definition of "batts, batting and wadding" suitable for insertion in the Customs Tariff. The following is the report of the working party on batts, batting and wadding submitted to the Board during the hearing on Review of Certain Items:

- "1. The working party has been unable to arrive at a definition of 'batts, batting and wadding' which would be acceptable from both a logical and commercial point of view, and which would clearly identify those products which are generally accepted as batting or wadding.
2. In spite of the difficulties of reducing to words the distinction between batting and wadding on one hand, and bonded fibre fabrics on the other, there has in fact been no appreciable classification problem in the past.
3. It is not thought that failure to provide a definition is any barrier to continued use of these words in the Customs Tariff."<sup>(1)</sup>

Accordingly, it would appear that an item relating to "batts, batting and wadding" can be administered, as it has been in the past, without further qualification or definition.

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<sup>(1)</sup>Proceedings, Dec. 7, 1959, Page 6



BATTS, BATTING AND WADDINGAPPENDIX ISTATISTICAL TABLESEXPLANATION OF SYMBOLS

- Denotes nil or zero.
- .. Indicates that figures are not available.
- \* Indicates a reported figure which disappears on rounding.
- (a) A small letter in brackets denotes a footnote to a table.
- (1) A number in brackets denotes a footnote to the text.
- s.c. Denotes an import statistical class.





Table 1

Imports: Batts, batting and wadding of cotton, s.c. 3004

Tariff Item 536

Year	Volume 000 lbs.	Value \$000	Unit Value \$/lb.	Duty Collected \$000	Duty as per cent of	
					Total Value	Dutiable Value
1. Total						
1935	289	59	0.20	..	22.3	22.3
1936	323	64	0.20	..	22.0	22.0
1937	321	69	0.22	..	21.6	21.6
1938	356	70	0.20	..	21.9	21.9
1939	590	114	0.19	26	22.4	22.4
1947	1,031	332	0.32	74	22.6	22.6
1948	1,044	352	0.34	79	22.5	22.5
1949	549	242	0.44	54	22.5	22.5
1950	698	366	0.52	82	22.4	22.4
1951	678	405	0.60	86	21.2	21.3
1952	623	324	0.52	65	20.0	20.0
1953	723	373	0.52	73	19.6	19.6
1954	935	496	0.53	99	20.0	20.0
1955	873	443	0.51	88	20.0	20.0
1956	898	464	0.52	93	20.0	20.0
1957	793	427	0.54	85	20.0	20.0
1958	730	388	0.53	78	20.0	20.0
1959	964	507	0.53	..	..	..
2. United States						
1935	249	49	0.19	..	24.3	24.3
1936	285	56	0.20	..	22.5	22.5
1937	297	64	0.22	..	22.5	22.5
1938	323	63	0.19	..	22.5	22.5
1939	581	112	0.19	25	22.5	22.5
1947	1,018	325	0.32	74	22.6	22.6
1948	1,043	351	0.34	79	22.5	22.5
1949	549	241	0.44	54	22.5	22.5
1950	693	364	0.53	82	22.5	22.5
1951	657	398	0.61	85	21.4	21.4
1952	621	323	0.52	65	20.0	20.0
1953	692	354	0.51	71	20.0	20.0
1954	935	496	0.53	99	20.0	20.0
1955	872	442	0.51	88	20.0	20.0
1956	893	461	0.52	92	20.0	20.0
1957	792	426	0.54	85	20.0	20.0
1958	729	388	0.53	78	20.0	20.0
1959	963	507	0.53	..	..	..

Table 2

Imports: Batts, batting and wadding of vegetable fibres, n.o.p.  
s.c. 3115

Tariff Item 536

Year	Volume 000 lbs.	Value \$000	Unit Value \$/lb.	Duty Collected \$000	Duty as per cent of	
					Total Value	Dutiable Value
United States <sup>(a)</sup>						
1935	3	*	0.08	..	24.5	24.5
1936	3	1	0.15	..	22.6	22.6
1937	5	1	0.26	..	22.7	22.7
1938	3	1	0.19	..	22.5	22.5
1939	12	2	0.18	*	22.5	22.5
1947	1	*	0.34	*	22.6	22.6
1948	3	1	0.27	*	22.5	22.5
1949	3	1	0.40	*	22.5	22.5
1950	5	2	0.55	1	22.5	22.5
1951	8	4	0.51	1	20.9	20.9
1952	2	1	0.37	*	19.9	19.9
1953	3	1	0.44	*	20.0	20.0
1954	7	2	0.28	*	20.0	20.0
1955	25	25	1.00	5	20.0	20.0
1956	3	1	0.31	*	20.0	20.0
1957	*	*	0.35	*	20.2	20.2
1958	7	3	0.41	1	20.0	20.0
1959	2	1	0.32	..	..	..

(a) Imports from other sources are negligible

Table 3

Imports: Batts, batting and wadding, n.o.p. s.c. 3454

Tariff Item 536

Year	Volume 000 lbs.	Value \$000	Unit Value \$/lb.	Duty Collected \$000	Duty as per cent of	
					Total Value	Dutiable Value
<u>1. Total</u>						
1935	4	1	0.15	..	17.2	17.2
1936	7	2	0.27	..	13.7	13.7
1937	8	4	0.49	..	21.0	21.0
1938	11	3	0.33	..	19.3	19.3
1939	2	*	0.26	*	15.6	15.6
1947	5	2	0.33	*	22.5	22.5
1948	1	*	0.33	*	22.4	22.4
1949	4	2	0.58	*	20.2	20.2
1950	3	1	0.32	*	20.3	20.3
1951	31	14	0.45	3	19.7	19.7
1952	186	89	0.48	18	20.0	20.0
1953	35	24	0.67	5	20.2	20.2
1954	53	34	0.64	7	20.0	20.0
1955	123	86	0.70	17	20.0	20.0
1956	154	92	0.60	18	20.0	20.0
1957	134	67	0.50	14	20.0	20.0
1958	309	147	0.48	29	20.0	20.0
1959	356	185	0.52	..	..	..
<u>2. United Kingdom</u>						
1935	1	*	0.30	..	12.5	12.5
1936	6	1	0.24	..	12.5	12.5
1937	3	1	0.20	..	12.5	12.5
1938	5	1	0.23	..	12.5	12.5
1939	1	*	0.40	*	12.4	12.4
1947	-	-	-	-	-	-
1948	-	-	-	-	-	-
1949	1	1	0.83	*	12.5	12.5
1950	1	*	0.45	*	12.5	12.5
1951	3	1	0.20	*	12.6	12.6
1952	-	-	-	-	-	-
1953	*	*	0.76	*	12.4	12.4
1954	*	*	0.68	*	12.3	12.3
1955	*	*	0.72	*	12.7	12.7
1956	1	*	0.42	*	12.5	12.5
1957	*	*	0.79	*	12.5	12.5
1958	*	*	0.48	*	12.6	12.6
1959	-	-	-	-	-	-

(continued)

Table 3 (concluded)

Year	Volume 000 lbs.	Value \$000	Unit Value \$/lb.	Duty Collected \$000	Duty as per cent of	
					Total Value	Dutiable Value
<u>3. United States</u>						
1935	3	*	0.08	..	25.0	25.0
1936	*	*	0.36	..	22.5	22.5
1937	4	3	0.69	..	22.5	22.5
1938	6	2	0.40	..	22.5	22.5
1939	1	*	0.14	*	23.6	23.6
1947	5	2	0.33	*	22.5	22.5
1948	1	*	0.33	*	22.4	22.4
1949	3	1	0.53	*	22.5	22.5
1950	3	1	0.29	*	22.4	22.4
1951	28	13	0.48	3	20.0	20.0
1952	186	89	0.48	18	20.0	20.0
1953	35	24	0.67	5	19.9	19.9
1954	53	34	0.64	7	20.0	20.0
1955	123	86	0.70	17	20.0	20.0
1956	153	91	0.60	18	20.0	20.0
1957	134	67	0.50	14	20.0	20.0
1958	309	147	0.48	29	20.0	20.0
1959	356	185	0.52	..	..	..

Table 4

Canadian Market for Batts, Batting and Wadding(a)  
(\\$000)

<u>Year</u>	<u>Factory Shipments</u>	<u>Imports</u>			<u>Total Market</u>	<u>Factory Shipments as p.c. of Total Market</u>
		<u>United Kingdom</u>	<u>United States</u>	<u>Others</u>		
1950	3,885	-	367	2	4,254	91.3
1951	4,695	1	415	7	5,118	91.7
1952	4,368	-	413	1	4,782	91.3
1953	6,145	-	379	19	6,543	93.9
1954	4,129	-	532	-	4,661	88.6
1955	5,007	-	553	1	5,561	90.0
1956	5,974	-	553	4	6,531	91.5
1957	6,595	-	493	1	7,089	93.0
1958	5,818	*	538	-	6,356	91.5
1959	..	*	693	-	..	..

(a) Includes flecks and auto batts

Source: The Dominion Bureau of Statistics





BATTS, BATTING AND WADDING

APPENDIX II

HISTORY OF TARIFF ITEM 536



Batts, Batting and WaddingHistory of Tariff Item 536Tariff Item 536

Batts, batting and wadding of wool, cotton or other fibre,  
n.o.p.

	<u>British Preferential</u>	<u>Most-Favoured- Nation</u>	<u>General</u>
1951, June 6 (GATT) to present		20 p.c.	
1931, June 2			
Batts, batting and wadding of wool, cotton or other fibre, n.o.p.			
1928, February 17			
Batts, batting, sheet wadding and carded sliver of vegetable fibres, n.o.p.			
	12½ p.c.	22½ p.c.	25 p.c.
(previously classified under item 520)			









## SECTION II

### COATED OR IMPREGNATED FABRICS

#### Introduction

The coating or impregnating of fabrics to achieve certain qualities or effects has been practised for many years; the water-proofing of canvas is an example. The Callaway Textile Dictionary defines coated or impregnated fabrics as follows:

- Coated Fabric:** A fabric which has been impregnated with a coating of lacquer, varnish, pyroxylin, or a synthetic plastic material.
- Impregnated Fabric:** A fabric treated so the interstices between the yarns are completely filled - from face to back - with the impregnating compound, as distinguished from a sized or coated fabric where the material is applied to the surface.

Neither coated nor impregnated fabrics are defined in the "Mercury" Dictionary of Textile Terms.

In recent years the variety of coated or impregnated fabrics has increased rapidly. Also, the normal finishes of fabrics have changed in character and variety, and reinforced plastic sheeting has come to be used for many purposes. As a result of these developments it is no longer easy to distinguish certain coated or impregnated fabrics from fabrics with normal finishes, or from reinforced plastic sheetings.

Coated or impregnated fabrics are classified by the Department of National Revenue under different tariff items according to the fibre content of the fabric or by specified end uses. The items referred to in this section are 538d, 538i(1), 538i(2), 54lc, 54ld, 546, 546a, 548 and 555. Most of the coated or impregnated fabrics of the sort produced by the Industry are classified under items 538d, 538i(1) and (2), 546, 548 and 555.

In Canada, fabric producers, most of whom are members of the Primary Textiles Institute, normally treat some of their fabrics with resinous material, to make them crease resistant or to impart other qualities. As a rule, such treatments do not add greatly to the weight. Some of these fabrics are now classified as coated fabrics; others are not.

There is another group of firms known as "The Coated Fabrics Branch of the Canadian Textile Industry" hereinafter called "the Coated Fabrics Industry" or "the Industry". These firms purchase fabrics and coat them by various methods, for example by calendering or spread coating; they also combine plastic films and fabrics to form laminated products. One of their products is simulated leather. As a rule, their operations add substantially to the weight of the fabric.

The tariff items dealing with coated or impregnated fabrics of cotton were considered in the report on Cotton and Cotton Products and recommendations were made thereon. In the course of that study, however, no satisfactory way was found of distinguishing the sort of coated or impregnated fabrics produced by the Coated Fabrics Industry from the sort produced by the members of the Primary Textiles Institute. Consequently, the Board decided that, when all the hearings on textiles had been completed, it would review its recommendations in so far as they applied to coated fabrics. In its report on Cotton and Cotton Products the Board stated:

"Had we been able to devise a wording to cover that class of coated fabrics, manufactured by the group who described themselves as 'the coated fabrics branch of the Canadian Textile Industry', without, at the same time, including an indeterminate variety of fabrics which we consider should be dutiable with coloured fabrics, we might have done so. The cloths manufactured by the members of this industrial group are essentially fabrics covered with a film or sheet of synthetic resin (usually poly-vinyl chloride), cellulose plastic or rubber. It would appear to the Board that there may be merit in providing for fabrics of this type in a separate tariff item regardless of whether the backing be made of one fibre or another and whether it be a woven, knitted or bonded fabric. Accordingly, when the hearings are completed on textile fabrics generally, this matter will be reviewed."(1)

The tariff items dealing with coated or impregnated silk and synthetic fabrics were considered in the report on Silk and Man-Made Fibres and Products, and interim recommendations were made thereon. These items were called for review during December 1959, together with other items which had not been considered at earlier hearings.

### The Coated Fabrics Industry

#### Description of the Industry

Coated fabrics were first produced by the Industry in 1910. The major customer in early years was the automobile industry. While other markets were found for coated fabrics, the automobile industry continued to be the major outlet for these products until the advent of the metal-roofed motor-car. This resulted in a reduction in sales of coated fabrics in the late 1920's and early 1930's, and was a factor in stimulating the Industry to develop new uses for its products. By 1939, the Industry consisted of five firms and had become much less dependent on automobile manufacturers for a market.

During the war years synthetic resins, principally polyvinyl chloride (vinyl), came into use as a coating material and was used extensively in the production of certain goods for defence purposes. Since the end of World War II the use of vinyl resins as a coating material has increased greatly.

(1) The Board's Report on Cotton and Cotton Products, Vol. 1, p. 129

Coated fabrics are now used in a wide range of products including automobiles, clothing, and indoor and outdoor furniture. In some of these uses they compete with other textile fabrics and with leather.

At present there are eleven firms in the Industry. These firms coat purchased fabrics with polyvinyl chloride, pyroxylin, or rubber. In terms of value, it has been estimated that these eleven firms, in their eight plants in Quebec and three in Ontario, produce about 75 per cent of the total Canadian output. In 1958 their output of coated fabrics amounted to about \$11 million out of total Canadian shipments of some \$16 million. In size, the Industry is comparable to the Cotton Thread Industry.

### Materials Used

In addition to the fabrics of various fibres and the coating materials consisting mainly of synthetic resins and cellulose nitrate (pyroxylin), the Industry uses other materials such as plasticizers, stabilizers, pigments and solvents.

The fabrics are made from cotton, man-made fibres, silk, jute, other vegetable fibres or wool, and may be woven, knitted, bonded or felted. The annual consumption of woven and bonded cotton fabrics by the Industry has amounted to \$3 million in recent years, while the consumption of woven or bonded man-made fibre fabrics has been about \$175,000 per year. The value of knitted fabrics of all fibres used by the Industry has been between \$540,000 and \$700,000 in the past few years. The value of the other fabrics used has been less than \$20,000 a year.

The relative importance of the different fabrics has been changing. In the Industry's submission it was stated:

"...There is a distinct and definite trend to using knitted fabrics and to a reduction in woven cotton fabrics. We anticipate that this will continue and that woven cotton fabrics will decrease in importance as in [sic] proportion of the total usage, and that knitted fabrics, particularly cotton, will increase."<sup>(1)</sup>

Fabrics represent from 30 to 55 per cent of the total factory cost of different products. Most of the fabric used is purchased in Canada although some is purchased in the United States and other countries; a sizeable portion is purchased by the Industry in the greige state.

Information on the amount of coating materials used by the Industry is not available. Total material costs range from 40 per cent to as high as 80 per cent of the cost of production for various products.

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<sup>(1)</sup> Proceedings (Official Report) at the Public Hearing respecting Review of Items (hereinafter cited as Proceedings) December 8, 1959 p. 263



## Manufacturing Processes

The principal methods used in the coating or impregnating of fabrics are calendering, laminating and spread coating.

Calendering is performed on roll equipment. The coating material is squeezed between consecutive pairs of large rollers to form a uniform sheet which meets the fabric between the final set of rolls and is bonded to it by heat and pressure.

Laminating, the second method, may be performed on separate laminating machines or on multi-purpose units capable of performing such other operations as printing or embossing as well. The fabric is coated by bringing it together with a film or sheeting, previously formed by other operations, and applying heat and pressure.

In the spread coating machine the coating material, in the form of a paste or solution, is spread across the width of the fabric by a bar or knife. To form a tough continuous coating firmly bonded to the fabric, heat is applied.

The choice of method is influenced by a number of factors such as the type of coating material to be used and the equipment available to the producer. For example, pyroxylin coating and other light coatings are usually applied by the spread coating method; long runs are more economically produced by calendering; where knitted fabrics are used, high stretch properties are best achieved by laminating.

The coated fabric may be produced in different colours and may be decorated by printing a pattern on the coated material or by embossing. Special effects are produced by putting colour into the valleys or on the tips or high parts of the grain produced by embossing. The finish of the products may be either dull or glossy.

## Employment and Hourly Earnings

Approximately 1,500 people are employed by the Industry in coating or impregnating fabrics. Their average hourly earnings of \$1.70 are well above those in most branches of the textile industry and somewhat above the average in all manufacturing.

## Labour and Output

In coating fabrics, the cost of labour varies from 5 per cent to 15 per cent of the total factory cost.

The value added per employee in 1957 was \$5,734 while in the Cotton Yarn and Cloth Industry it was \$4,184; in the Synthetic Textile Industry it was \$5,591 and in the Hosiery and Knitted Goods Industry it was \$3,885. For all manufacturing the value added per employee was \$7,227.

Shipments, Imports and The Domestic Market

Shipments

There are no published statistics respecting the total shipments of coated or impregnated fabrics of the sort produced by the Coated Fabrics Industry. The Board has, therefore, prepared its own estimates. According to these estimates, total domestic shipments of this sort of product by all industries were about \$11 million in 1950 and slightly in excess of \$16 million in 1958, an increase of 45 per cent in dollar terms.

With the exception of 1954, when a decline of \$2 million in shipments took place, there has been a continual upward movement. This increase has resulted mainly from the substantial rise in demand for fabrics coated with synthetic resin, shipments of which have more than doubled in the period reviewed. Shipments of fabrics coated with pyroxylin declined noticeably between 1950 and 1958. Statistics on the volume of the domestic production of coated fabrics are not available.

Shipments by the Coated Fabrics Industry have amounted to approximately 75 per cent of the total shipments of coated or impregnated fabrics in recent years.

Sales of coated or impregnated fabrics of various constructions as submitted by the Industry are shown in the following table. They include only sales by the companies in the Industry.

Sales of Coated or Impregnated Fabrics by Type of Fabric Used<sup>(a)</sup>  
(Dollars)

<u>Type of Fabric Used</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>
Knitted fabrics <sup>(b)</sup>	1,711,631	1,848,087	1,677,706
Other fabrics:			
Wholly of cotton	8,350,562	9,364,836	9,395,841
Wholly of jute or jute backed with paper	10,656	48,500	51,567
Wholly or in part of silk	526	1,335	871
Wholly or in part of man-made fibre or filaments but not containing silk	188,838	427,913	707,536
Total sales	10,262,213	11,690,671	11,833,521

(a) Sales by 10 companies

(b) Includes all knitted materials regardless of the fibre. The quantities included in these items are not duplicated in the other items.



It appears that, in the years 1955, 1956 and 1957 taken together, sales of coated or impregnated knitted fabrics amounted to about 15 per cent of all sales by the Industry. Of the others, sales of coated fabrics wholly of cotton accounted for about 80 per cent of total sales, while those of man-made fibres increased from about two to five per cent. Small amounts of coated jute fabrics were sold by the Industry.

### Imports

Imports of coated or impregnated fabrics are admitted under a number of tariff items. The following comment on imports appeared in the Industry's submission:

"Various data are available on import categories which include the products of the Industry. Unfortunately these categories also include a variety of other products as well, and detailed breakdowns are not available"(1)

"D.B.S. figures are compiled in some cases according to the base fabric, and in some cases by end use. However, they are not specific as to the type of coating or impregnant except in the case of rubberized cotton fabric, and it is not possible to break them down to the synthetic resin and pyroxylin coated fabrics which compete with the Industry's products."(2)

The spokesman for the Industry stated that a substantial portion of the imports reported by the Bureau of Statistics does not compete with the products produced by its members and estimated that imports of coated or impregnated fabrics of types produced by the members of the Industry were slightly less than \$1 million in 1951 and \$2.3 million in 1957.

The chief source of foreign imports, according to the Industry, is the United States, which, in recent years, has supplied about 11 per cent of the Canadian market.

### The Market

An examination of the market for coated or impregnated fabrics shows that for recent years there has been a continuous upward movement in the total consumption of these products. For 1955, total sales in Canada of domestic and imported products combined were in excess of \$15 million. By 1958, the total sales to the market amounted to more than \$18 million. The domestic producers' share has remained relatively stable in recent years and has not fallen below 86 per cent of the total market during this period. Imports held less than 15 per cent of the market, the United States being the largest foreign supplier.

(1) Proceedings (Official Report) at the Public Hearing respecting Cottons, June 16, 1958, p. 3437

(2) Ibid, p. 3439

### Problems of the Industry

Representatives of the Industry complained that imports had had an important effect on domestic prices and that, as a result, profits had been "discouragingly low". It was stated in the Industry's submission that in Canada the average length of run was about 500 yards, whereas in the United States, 50 per cent of production runs were at least 1,000 yards in length and the average for eight United States producers was at least 2,000 yards. It was stated further that

"...the total cost penalty to Canadian producers of coated cotton fabrics is at least 30 per cent. To overcome this handicap and to compete on more even terms with U.S. producers for the Canadian market a duty rate of at least 30 per cent is necessary."<sup>(1)</sup>

In support of its contention that it faced at least a 30 per cent cost disadvantage, analyses were presented to show the unit costs in the plant of Canadian Industries Limited when certain United States costs were substituted for its actual costs. Comparisons were then made between the unit cost of producing in 500-yard runs using Canadian costs and a one-shift operation, and the unit costs of producing in 1,000- and 2,000-yard runs using the United States costs and a two-shift operation.

The calculations were based upon the cost of producing coated woven cotton fabrics because these fabrics represent a major part of the Industry's production and also because woven cotton fabrics bear the lowest rate of duty of any of the fabrics used by the Industry in significant quantities.

After making allowances for some of the less easily measurable advantages of larger scale operations in the United States, the Industry concluded that it faced a cost disadvantage of at least 30 per cent.

The Board has examined the analyses submitted by the Industry. It appears that, in comparing the costs of a one-shift operation in Canada with those of a two-shift operation in the United States, the Industry had placed considerable emphasis on the fact that it operates at well under full capacity.

Although the Canadian market for coated fabrics expanded rapidly after vinyl became available as a coating material for civilian uses, Canadian producers of coated fabrics appear to have over-estimated the rate at which the Canadian market would continue to grow, or to have under-estimated the promptness with which their competitors would react. Some firms installed calender units of medium size for coating with vinyl, some added to their calendaring equipment, some installed laminating machines. Still others installed very large calenders partly to meet the anticipated growth of the Canadian markets and partly to obtain the operating economies of such units when used for long runs. The increase in the equipment of firms already in production was supplemented by the entry of small and highly specialized new firms.

<sup>(1)</sup>Proceedings, December 8, 1959, p. 238

Whatever the reasons, the Industry has developed considerable excess capacity and the Board is aware of this problem. However, over-capacity does not result from lack of protection, but rather from the amount of the investment relative to the total size of the domestic market. Even if the imports, which amount to less than 15 per cent of the market, were completely excluded, the problem would largely remain.

The problem of operating at less than full capacity in relation to coated fabrics was discussed during the hearing on Cotton and Cotton Products. The following is an excerpt from that hearing:<sup>(1)</sup>

Board Member: "It seems to me that there is nothing in the nature of our marketing to make that situation develop other than excess capacity. The United States situation is such that they can operate their plants three shifts, because their productive capacity is such that it takes three shifts to supply the market."

Industry Spokesman: "Well, they have a market which permits them to continue in operation on a two and three shift basis."

Board Member: "I was saying the same thing. In other words, in relation to their market they must operate three shifts to supply it. In relation to our market we operate one shift to supply it. Is that the situation?"

Industry Spokesman: "Yes"

Board Member: "Then other things being equal we have a multiple capacity in relation to the market compared to what they have?"

Industry Spokesman: "That is true."

Materials represent on the average between 60 and 70 per cent of total factory cost of which fabrics, mainly of cotton, represent between 30 and 55 per cent. Fabrics cost about 20 per cent more in Canada. The cost of other materials is about the same in Canada as in the United States.

Information submitted to the Board would indicate that Canadian producers have an advantage over United States producers with respect to labour costs. In 1958, average hourly earnings in the Industry in Canada were \$1.70 compared to \$2.17 in the United States. Wages represent from 5 to 15 per cent of total factory cost.

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<sup>(1)</sup>Proceedings (Official Report) at the Public Hearing respecting Cottons, June 16, 1958, p. 3504



General factory expenses are not as readily compared as are costs of labour or materials. The Industry has calculated that, because of the higher wages paid in the United States, general factory expenses based on a one-shift operation are higher in the United States than in Canada. However, when a two-shift United States operation is compared with a one-shift Canadian operation general factory expense would appear to be somewhat lower in the United States than in Canada.

The spokesman for the Industry commented on the effect of short runs on unit costs. Before a production run can be started, the machinery and equipment must be properly set up to receive the material. In addition, more time is required in the processing of the material through the various stages of operation until production is proceeding smoothly throughout the entire operation. Finally, some wastage of material occurs at various stages throughout the process. The Industry contends that, since many runs are short, the resulting set-up costs form a significant part of the total unit cost of production. The following examples of set-up costs were submitted by the Industry:

- (a) Set-up costs for one type of coated fabric which sold at about \$1.25 a yard amounted to \$53.00. For a 500-yard run then, these costs would amount to 10.6 cents per yard or 8.5 per cent of the selling price. As the length of run increased, set-up costs per unit would decrease proportionately.
- (b) For the second type of coated fabric, which sold at \$2.50 a yard, set-up costs were \$135.00. For a 2,000-yard run these costs would amount to 6.8 cents per yard. For a 500-yard run, set-up costs would amount to 27 cents per yard or 10.8 per cent of the selling price.

Information on set-up costs was given to the Board by a number of firms. For most firms set-up costs of popular lines of coated fabrics ranged from slightly in excess of one per cent to approximately 3 per cent of total factory costs; for one firm, however, these costs were reported to represent from 11.5 per cent to slightly in excess of 14 per cent of total factory costs. From the information it would appear, for most firms though not for all, that the set-up costs of most of these popular lines of coated fabrics are not large in relation to unit costs. In any event, although more than half of the runs are said to be less than 500 yards in length, there are many longer runs of the coated fabrics used in the automotive and the furniture industries.

As mentioned earlier some of the cost advantages of large scale operation and specialization available to firms in the United States are not precisely calculable; these the industry estimated at more than 2 per cent of manufacturing costs.

Using the basic data presented by the Industry, which appear to take into account all the advantages and disadvantages mentioned above including the cost disadvantages of short runs and one-shift operations, the Board made a comparison between Canadian and United States production costs on a one-shift basis. Estimated on this basis, the calculable cost disadvantages of the Canadian industry, including those arising from prices of materials, wage rates, factory

overhead and length of runs are much smaller than those suggested by the Industry's comparison of a one-shift operation in Canada with a two-shift operation in the United States.

In addition to consideration of costs, the submission of the Industry referred to the significance of style and the proximity of the Canadian market to the United States.

Apparently styling is of most importance in the higher priced fabrics. During the hearing on Cottons its significance was described as follows:

"Style is an important factor; consequently Canadian manufacturers are particularly vulnerable to competition from United States producers."<sup>(1)</sup>

At the review hearing, one Canadian producer qualified this comment:

"I think the Canadian producer generally is able to hold the Canadian market in these higher qualities, except where style is a factor and it is not available in this country."<sup>(2)</sup>

The problem arising from proximity to the United States was stated as follows:

"Because of their close proximity to the Canadian market, producers and distributors in the United States are favourably situated to supply most Canadian requirements promptly."<sup>(3)</sup>

In spite of these various advantages, United States producers have never supplied more than 11 per cent of the Canadian market.

In summary, from the information available, although unit costs may be somewhat lower in the United States, and although import competition is not wholly insignificant, it would appear that the problems of the larger Canadian firms arise principally from excess capacity and keen competition within the domestic Industry itself.

#### The Industry's Proposals

Coated or impregnated fabrics of the sort produced by the Coated Fabrics Industry are now classified under five tariff items. The Industry proposed the establishment of a single item, with four subsections, which reads as follows:

- <sup>(1)</sup> Proceedings (Official Report) at the Public Hearing respecting Cottons, June 16, 1958, p. 3534
- <sup>(2)</sup> Proceedings, December 7, 1959, p. 104
- <sup>(3)</sup> Proceedings (Official Report) at the Public Hearing respecting Cottons, June 16, 1958, p. 3534



Fabrics, coated or impregnated by any method or process including laminating, where the weight of the material so applied to the fabric is at least one-third the weight of the coated or impregnated fabric:

- (a) When the fabric is wholly of cotton and is not a knitted fabric.
- (b) When the fabric is wholly or in part of man-made fibres or filaments or of glass fibres or filaments and is not a knitted fabric.
- (c) When the fabric is knitted.
- (d) Other.

In wording an item to describe its products for tariff purposes, the Industry faced two problems:

- "(1) that of differentiating the products of the Industry from certain reinforced plastic products.
- (2) that of differentiating the products of the Industry from textile fabrics with normal finishes, such as crease resistance, etc."<sup>(1)</sup>

The first problem arose with the creation in 1952 of tariff item 917(b) covering among other things reinforced or supported plastic sheet and sheeting. At the time of the hearing on Review of Items, item 917(b) had been held to include some of the types of coated fabrics produced by the Industry and, in the opinion of the Industry, no clear line of demarcation existed between the coated fabric items and Item 917(b). The rates of duty under the latter item are lower than those under most of the coated fabric items. The spokesman for the domestic producers stated:

"The introduction into the tariff of item 917(b) covering certain reinforced plastic products at duty rates lower than those for coated fabrics has created problems of classification. The Industry has been confronted with a number of importations of coated fabrics under this item and it is believed that the custom authorities also have experienced considerable difficulty."<sup>(2)</sup>

The words "Fabrics, coated or impregnated by any method or process, including laminating,..." in the proposed item were designed to attract from item 917(b) products of the kind manufactured by the Industry.

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<sup>(1)</sup> Proceedings, December 7, 1959, p. 123

<sup>(2)</sup> Ibid, p. 124

Since the hearing, the Department of National Revenue has issued a departmental ruling that fabrics manufactured by combining fabric with synthetic resin or cellulose plastic film or sheeting by means of lamination are to be classified under the coated fabric tariff items.

The words "...where the weight of the material so applied to the fabric is at least one-third the weight of the coated or impregnated fabric" were intended to distinguish the products of the Industry from fabrics with normal finishes. The Industry chose the criterion "one-third the weight" because it believed this fraction to be well above the weight added to most fabrics by normal finishes. This belief was substantiated by the spokesman for the Primary Textiles Institute who stated:

"Our members, sir, do not — again with the caution of the odd exception — by and large produce fabrics where the coating or impregnating material constitutes one third of the weight of the coated or impregnated fabric."<sup>(1)</sup>

The table on the following pages shows the relationship between the item proposed by the Industry and the tariff items under which coated fabrics are now classified.

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<sup>(1)</sup>Proceedings, December 7, 1959, p. 62

# Proposals Of The Coated Fabrics Industry (a)

## Proposed Item

B.P.

M.F.N.

## Existing Item

B.P.

M.F.N.

Fabrics, coated or impregnated by any method or process including laminating, where the weight of the material so applied to the fabric is at least one third the weight of the coated or impregnated fabric

(a) When the fabric is wholly of cotton and is not a knitted fabric but not less than per lb.

25 p.c.

30 p.c.

24 cts.

28 cts.

(b) When the fabric is wholly or in part of man-made fibres or filaments or of glass fibres or filaments and is not a knitted fabric and per lb. but not less than per lb.

35 p.c.

30 p.c.  
10 cts.

35 cts.

40 cts.

538d Fabrics wholly of cotton, coated or impregnated, n.o.p.

20 p.c.

25 p.c.

538i Fabrics, coated or impregnated, n.o.p.

(2) Composed wholly or in part of synthetic textile fibres or filaments, but not containing silk

30 p.c.

35 p.c.

	<u>B.P.</u>	<u>M.F.N.</u>		<u>B.P.</u>	<u>M.F.N.</u>
(c) When the fabric is knitted but not less than per lb.	30 p.c. 30 cts.	35 p.c. 35 cts.	538d Fabrics wholly of cotton, coated or impregnated, n.o.p.	20 p.c.	25 p.c.
			538i Fabrics, coated or impregnated, n.o.p.:		
			(1) Composed wholly or in part of silk	27½ p.c.	30 p.c.
			(2) Composed wholly or in part of synthetic textile fibres or filaments, but not containing silk	30 p.c.	35 p.c.
			555 (in part) fabrics, coated or impregnated, composed wholly or in part of yarns of wool or hair, but not containing silk nor synthetic textile fibres or filaments, n.o.p.	25 p.c.	27½ p.c.
(d) Other but not less than per lb.	25 p.c. 25 cts.	30 p.c. 30 cts.	538i Fabrics, coated or impregnated, n.o.p.:		
			(1) Composed wholly or in part of silk	27½ p.c.	30 p.c.
			546 fabrics wholly of jute, (in part) coated or impregnated	12½ p.c.	22½ p.c.

	<u>B.P.</u>	<u>M.F.N.</u>	<u>B.P.</u>	<u>M.F.N.</u>
(d) Other				
but not less than	25 p.c.	30 p.c.		
per lb.	25 cts.	30 cts.		
			548 fabrics coated or (in part) impregnated, composed wholly or in part of vegetable fibres but not containing silk, synthetic textile fibres or filaments, nor wool, n.o.p.	25 p.c.
			555 fabrics, coated or (in part) impregnated, composed wholly or in part of yarns of wool or hair, but not containing silk nor synthetic textile fibres or filaments, n.o.p.	25 p.c.
				27½ p.c.

(a) The following changes became effective on April 1, 1960:

Item 538d replaced items 532b, 532d and 532e

Coated or impregnated fabrics formerly classified under item 523g came to be classified under different coated fabric items depending on the fabric backing

Items 561a(i) and (ii) were renumbered items 538i(1) and (2)



### Proposed Rates of Duty

The existing and proposed rates of duty are shown in the table on the preceding pages. Specific minimum rates of duty were proposed by the Industry in order to meet competition from countries with costs lower than those in the United States, should such competition develop. It was stated in the Industry's submission:

"To meet this kind of import competition it seems reasonable, and in the interests of the Canadian economy, to provide minimum rates of duty applied on some basis other than price.

An analysis of representative products of the Industry, including their selling prices in the United States and in Canada, indicates that average per pound rates can be established which produce within reasonable limits the same average duty on imports from the United States as the proposed ad valorem and specific rates. Minimum rates of duty are therefore recommended on a cents per pound basis."<sup>(1)</sup>

The comments which follow are concerned only with those coated or impregnated fabrics in which the weight of the coating material is at least one-third the weight of the coated or impregnated fabric. The Industry has estimated that of total imports of coated or impregnated fabrics amounting to some \$11 million, approximately 20 per cent competes with its products. Import statistics as published by the Dominion Bureau of Statistics cover all imports of coated fabrics and do not segregate imports of the type produced by the Industry. Therefore, the calculations of the ad valorem equivalents were necessarily based on the total of imports; had it been possible to segregate imports, the ad valorem equivalents might indeed have been different.

Cotton fabrics, coated or impregnated, not knitted: The Industry's proposal with respect to coated fabrics of cotton that are not knitted would cover part of the imports which are now classified under item 538d. On the basis of 1959 imports, the British preferential rate would be raised from 20 p.c. to 24 cents per pound, the equivalent of 31.4 p.c. ad valorem; the most-favoured-nation rate would be raised from 25 p.c. to 28 cents per pound which would amount to 30.4 p.c. ad valorem.

Imports under item 538d were valued at \$5.8 million in 1959, imports from the United States accounting for \$5.2 million.

Man-made fibre fabrics, coated or impregnated, not knitted: The Industry proposed the establishment of a separate sub-item for coated or impregnated fabrics where the textile fabric is wholly or in part of man-made fibres or filaments or of glass fibres or filaments and is not knitted. Under the proposal the rate under the British Preferential Tariff would be advanced from 30 p.c. to 35 p.c. and under the Most-Favoured-Nation Tariff the rate would be changed from 35 p.c. to 30 p.c. plus 10 cents per pound, that is to 37 p.c. of the unit value of the corresponding imports in 1959.

<sup>(1)</sup>Proceedings: December 8, 1959, p. 252



Imports under this item, valued at \$4.2 million, were reported in 1959; the United States accounted for \$3.6 million, the United Kingdom for only \$9,000.

In the Industry's submission, the rate proposals on man-made fibres were explained as follows:

"...that, where its products use man-made fibre fabrics, a combined duty rate should be provided at a level higher than the rate on coated cotton fabrics but that it need not be as high as the rate on the base fabric."<sup>(1)</sup>

The base fabric is dutiable under Tariff Item 562a at the British preferential rate of  $22\frac{1}{2}$  p.c. and the most-favoured-nation rate of 30 p.c. plus 20 cents per pound.

Knitted fabrics coated or impregnated: A separate sub-item (c) was proposed by the Industry for coated knitted fabrics regardless of fibre content. This proposed sub-item would cover coated knitted fabrics which are now dutiable principally under items 538d, 538i(1) and (2), and 555.

From information submitted in confidence, the Board has calculated, in ad valorem terms, the rates of duty proposed for this sub-item. On popular lines of coated knitted fabrics in which the backing is cotton, the preferential rate in ad valorem terms would be raised from 20 p.c. to 33.7 p.c. On coated knitted fabrics in which the backing contains man-made fibres, the preferential rate would be increased from 30 p.c. to 34.3 p.c. ad valorem. Under the Most-Favoured-Nation Tariff, the duty on coated knitted cotton fabrics would be increased from 25 p.c. to about 42 p.c., and for coated fabrics composed of man-made fibres, the duty would be increased from 35 p.c. to about 41 p.c.

Regarding item 555 the British preferential rate on coated knitted fabrics of wool or hair would be increased from 25 p.c. to 30 p.c. but not less than 30 cents per pound, and the most-favoured-nation rate from  $27\frac{1}{2}$  p.c. to 35 p.c. but not less than 35 cents per pound.

The uncoated knitted fabrics used as materials by the Industry when imported into Canada enter under item 568 at a British preferential rate of 20 p.c. and a most-favoured-nation rate of 35 p.c. regardless of fibre content. In its Report on Hosiery and Knitted Goods the Board recommended that this most-favoured-nation rate be reduced to  $32\frac{1}{2}$  p.c.

Other fabrics, coated or impregnated: This sub-item in the Industry's proposal would cover coated fabrics of jute, vegetable fibres other than cotton, wool or hair, and silk, provided the base fabric is not knitted.

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<sup>(1)</sup> Proceedings, December 8, 1959, p. 241

The largest increases would occur in the rates on coated jute fabrics. From 1959 import data, it appears that the rates of duty, expressed as a percentage of value, would be increased under both the British Preferential and the Most-Favoured-Nation Tariffs; under the British Preferential, from 12.5 p.c. to 61 p.c. and under the Most-Favoured-Nation from 22.5 p.c. to 107 p.c. Imports of coated or impregnated jute fabrics totalled \$67,000 in 1959, nearly all from the United States.

On certain coated fabrics of vegetable fibre dutiable under item 548, the Industry's proposal would result in the duty under the British Preferential Tariff being advanced from 25 p.c. to 25 cents per pound, equivalent to 81 p.c. ad valorem, and the rate under the the Most-Favoured-Nation Tariff being advanced from 25 p.c. to 30 cents per pound, the equivalent of which would range from 30 to 214 p.c. ad valorem depending upon the country of origin. In 1959, imports of coated or impregnated fabrics composed of vegetable fibres were valued at \$646,000, of which over \$413,000 came from the United States.

The Industry's proposal respecting the coated or impregnated fabrics of silk dutiable under item 538i(1), and of wool or hair under item 555, would result in only minor changes. In the case of silk, the British Preferential Tariff would be reduced from 27.5 p.c. to 25 p.c. while the most-favoured-nation rate would be unchanged; in the case of impregnated fabrics of wool or hair the British preferential rate would remain unchanged while the most-favoured-nation rate would be increased from 27.5 p.c. to 30 p.c. Imports of coated or impregnated silk fabrics were valued at \$37,000 in 1959, all from the United States. Imports of coated or impregnated fabrics of wool or hair totalled \$121,000 in 1959, West Germany supplying \$64,000 and the United States \$40,000.

The rates of duty on the base fabrics differ greatly as appears from the following table:

<u>Item No.</u>	<u>Brief Description</u>	<u>B.P.</u>	<u>M.F.N.</u>
541	Woven fabrics of jute	Free	5 cts. per 100 lineal yards
540c	Woven fabrics of vegetable fibres, n.o.p. and, per pound	15 p.c. 3 cts.	20 p.c. 3½ cts.
532c	Woven fabrics of wool or hair weighing not more than nine ounces to the square yard and, per pound maximum per pound	20 p.c. 20 cts. 60 cts.	27½ p.c. 38 cts. \$1.10
552a	Woven fabrics of silk	12½ p.c.	22½ p.c.

It appears that the Industry coats very little of the above fabrics with the exception of small quantities of jute fabrics.

Summary of Existing rates of duty and those proposed by the Industry

The following table shows the existing and proposed rates of duty. Wherever possible specific or compound rates have been converted to their ad valorem equivalents on the basis of unit values of imports in 1959. The discount for direct shipment from countries entitled to the British Preferential Tariff has been deducted.

<u>Existing Item</u>	<u>British Preferential</u>	<u>Most-Favoured-Nation</u>	<u>Proposed Item</u>	<u>British Preferential</u>	<u>Most-Favoured-Nation</u>
538d(cotton)	18 p.c.	25 p.c.	sub-item 1	28.2 p.c.	30.4 p.c.
538i(2) (synthetic)	27 p.c.	35 p.c.	sub-item 2	32.5 p.c.	37 p.c.
538d (knitted cotton)(a)	18 p.c.	25 p.c.)	sub-item 3	30 p.c.(b)	35 p.c.(b)
		)	but not		
		)	less than	30 cts/lb.	35 cts/lb.
538i(2) (knitted synthetic)(a)	27 p.c.	35 p.c.)			
538i(1) (silk)	24.8 p.c.	30 p.c.	sub-item 4	22.5 p.c.	30 p.c.
546 (jute)	12.5 p.c.	22.5 p.c.	sub-item 4	54.9 p.c.	107 p.c.
548 (vegetable fibre)	25 p.c.	25 p.c.	sub-item 4	72.9 p.c.	30 p.c. to 214 p.c.
555 (wool or hair)	22.5 p.c.	27.5 p.c.	sub-item 4	22.5 p.c.	30 p.c.

(a) Items 538d and 538i(2) are the principal items under which knitted fabrics, coated or impregnated, are classified.

(b) Ad valorem equivalent is not shown because statistics of imports of knitted fabrics, coated or impregnated, are not separately published.

Proposals by the Primary Textiles Institute

The Primary Textiles Institute indicated in its submission that it was not opposed to the proposals of the Coated Fabrics Industry. However, the Institute did submit proposals of its own which were designed to cover coated or impregnated fabrics in which the coating material was less than one-third the weight of the finished product. The spokesman for the Primary Textiles Institute proposed that:

"...coated or impregnated fabrics generally be dutiable together with such fabrics not coated or impregnated. Specifically, we propose that items 54lc, 54ld, 546a and 561a, and those portions of items 546, 548 and 555 which refer to coated or impregnated fabrics, be deleted from the tariff."<sup>(1)</sup>

The Institute approved the Board's recommendation respecting the deletion of items 532d<sup>(2)</sup> and 560c<sup>(2)</sup> stating:

"...it is our view that these recommendations should continue unchanged, in the context of the proposed replacement items already recommended by the Board."<sup>(3)</sup>

The following table shows how the proposals of the Primary Textiles Institute would affect the classification of those coated or impregnated fabrics in which the Institute was especially interested.

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<sup>(1)</sup>Proceedings, December 7, 1959, p. 46

<sup>(2)</sup>The following are changes in numbering respecting certain of the above items: Item 532d now item 538d; Items 560c (in part) and 561a now item 538i

<sup>(3)</sup>Proceedings, December 7, 1959, p. 46

The Effects of the Primary Textiles Institute's Proposals (a)

<u>Existing Items</u>	<u>B.P.</u>	<u>M.F.N.</u>	Total Imports - 1959 \$000	<u>Existing Item No.</u>	<u>Description</u>	<u>Rates of Duty Under Proposals Submitted by the Primary Textiles Institute (b)</u>	
						<u>B.P.</u>	<u>M.F.N.</u>
538d Fabrics wholly of cotton, coated or impregnated, n.o.p.	20 p.c.	25 p.c.	5,800	( 522(3)...	if woven	17½ p.c.	22½ p.c.
				( 523a ...	if bonded	25 p.c.	25 p.c.
				( 568 ...	knitted goods, n.o.p.	20 p.c.	32½ p.c.(c)
				(			
538i Fabrics, coated or impregnated, n.o.p.: (1) Composed wholly or in part of silk	27½ p.c.	30 p.c.	37	( 552a ...	if woven, and more than 50 per cent by weight of silk, not containing wool or hair	12½ p.c.	22½ p.c.
				( 552b ...	if woven, and of silk and vegetable fibres, n.o.p.	12½ p.c.	22½ p.c.
				( 553(3)...	textile manufactures of silk, when the textile com- ponent is more than 50 per cent, by weight, of silk	27½ p.c.	30 p.c.
				( 568 ...	knitted goods, n.o.p.	20 p.c.	32½ p.c.(c)
				( 711 ...	other	15 p.c.	20 p.c.
				(			



Rates of Duty Under  
Proposals Submitted  
by the Primary Text-  
iles Institute (b)  
B.P. M.F.N.

Total  
Imports  
- 1959  
\$000

Existing Items

B.P.

M.F.N.

Existing  
Item No. Description

538i Fabrics, coated or  
impregnated, n.o.p.:  
(2) Composed wholly or  
in part of synthetic  
textile fibres or  
filaments, but not  
containing silk

30 p.c. 35 p.c.

4,200

( 562a ...if woven, not contain-  
( ing wool or hair, not  
( including fabrics more  
( than 50 per cent, by  
( weight, of silk  
( and, per pound  
(  
( - Woven fabrics contain-  
( ing five per cent or less,  
( by weight, of man-made  
( fibres or filaments  
(  
( 563 ...textile manufactures of  
( man-made fibres or fila-  
( ments, when the textile  
( component is 50 per cent  
( or more, by weight, of  
( man-made fibres or  
( filaments  
(  
( 568 ...knitted goods, n.o.p.

20 p.c. 27½ p.c.

20 p.c. 32½ p.c. (c)

541c Woven fabrics of vegetable  
fibres, coated or impreg-  
nated, imported for use ex-  
clusively as "brattice cloth"  
in underground mining  
operations

10 p.c.

41

Free

17½ p.c. 20 p.c.



<u>Existing Items</u>	<u>B.P.</u>	<u>M.F.N.</u>	<u>Total Imports - 1959</u> \$000	<u>Existing Item No.</u>	<u>Description</u>	<u>Rates of Duty Under Proposals Submitted by the Primary Textiles Institute (b)</u> <u>B.P.</u> <u>M.F.N.</u>
541d Canvas in the web, wholly of flax or hemp, or both, plain woven, not coloured, not further manufactured than impregnated with weather-proofing or preservative materials, suitable for manufacturing into tents, awnings, tarpaulins, hatch covers and similar articles, weighing not less than 18 ounces and not more than 26 ounces per sq. yard and, per pound	15 p.c.	25 p.c. 3½ cts.	33	540 (a)	...if woven, in the web wholly of flax or hemp, (e) and, per lb.	Free 22½ p.c. 3 cts.(f)
546 (in part) fabrics wholly of jute, coated or impregnated	12½ p.c.	22½ p.c.	67	541a	...if woven	Free 22½ p.c.
546a Woven jute fabric, impregnated, imported in lengths not more than three feet each	Free	5 p.c.	(Included with imports under Item 546)	541a	...if woven	Free 22½ p.c.

Total  
Imports  
- 1959  
\$000

Existing Item

B.P.

M.F.N.

Existing  
Item No.

Description

548 (in part) fabrics coated  
or impregnated, composed  
wholly or in part of vege-  
table fibres but not con-  
taining silk, synthetic  
textile fibres or fila-  
ments, nor wool, n.o.p.

25 p.c.

25 p.c.

646

( 542 ...if woven, wholly or in  
part of vegetable fibres,  
n.o.p., not containing  
silk, synthetic textile  
fibres or filaments, nor  
wool(d)  
( 548 ...textile manufactures  
of vegetable fibres  
( 568 ...knitted goods, n.o.p.

17½ p.c.

20 p.c.

25 p.c.

25 p.c.

20 p.c.

32½ p.c. (c)

555 (in part) fabrics, coated  
or impregnated, composed  
wholly or in part of yarns  
of wool or hair, but not  
containing silk nor syn-  
thetic textile fibres or  
filaments, n.o.p.

25 p.c.

27½ p.c.

121

( 532a ...if woven, n.o.p.  
and, per pound  
maximum  
( 532b ...if woven and weighing  
not less than twelve  
ounces to the square  
yard  
( and, per pound  
maximum

20 p.c.

27½ p.c.

20 cts.

38 cts.

60 cts.

20 p.c.

27½ p.c.

15 cts.

33 cts.

55 cts.

( 555 ...textile manufactures of  
wool, composed wholly or in  
part of wool or similar ani-  
mal fibres, but of which the  
component of chief value is  
not silk nor synthetic tex-  
tile fibres or filaments,  
n.o.p.

25 p.c.

27½ p.c.

Rates of Duty Under  
Proposals Submitted  
by the Primary Text-  
tiles Institute (b)  
B.P. M.F.N.

Total  
Imports  
- 1959  
\$000

Existing  
Item No.

Description

M.F.N.

B.P.

Existing Item

20 p.c. 32½ p.c. (c)

568 ...knitted goods, n.o.p.

555 (in part) fabrics, coated  
or impregnated, composed  
wholly or in part of yarns  
of wool or hair, but not  
containing silk nor syn-  
thetic textile fibres or  
filaments, n.o.p.

25 p.c. 27½ p.c. 121

- (a) The Primary Textiles Institute expressed an interest in only those products in which the weight of the material used for coating or impregnating is less than one-third the weight of the finished product.
- (b) Very small amounts of coated or impregnated fabrics might be classified under items and at rates not listed below
- (c) As recommended in the Board's Report on Hosiery and Knitted Goods
- (d) During the hearing on Miscellaneous Textiles the Primary Textiles Institute proposed that the most-favoured-nation rate under item 542 be increased from 20 p.c. to 22½ p.c.
- (e) At the hearing on Miscellaneous Textiles, the Primary Textiles Institute proposed the deletion of item 540(a). If this proposal were implemented, coated or impregnated canvas in the web would be classified as canvas under the Primary Textiles Institute's proposed item 1(a) at a British preferential rate of 17½ p.c. and a most-favoured-nation rate of 22½ p.c.
- (f) 22½ p.c. recommended in the Board's Report on Miscellaneous Textiles

In calculating the ad valorem equivalents of the Primary Textiles Institute's proposed duty rates, it was necessary to base the calculations on total imports because separate statistics are not available for products produced by firms belonging to the Institute. However, the Board has been informed that the larger portion of total imports of coated fabrics represents products of the sort produced by these firms.

The effects of the proposals of the Primary Textiles Institute would vary widely according to the fibre content of the product. The most significant change, in terms of the value of imports affected, would be in the rates on the coated or impregnated woven synthetic fabrics which now enter under item 538i(2). On these fabrics the preferential rate would be reduced from 30 p.c. to  $22\frac{1}{2}$  p.c. while the most-favoured-nation rate would be increased from 35 p.c. to 30 p.c. and 20 cents per pound. Using 1959 import data, it has been estimated that the ad valorem equivalent of the most-favoured-nation rate would be about 43 p.c. Imports in that year under item 538i(2) were valued at \$4.2 million, of which \$3.6 million came from the United States.

Imports of coated or impregnated fabrics of vegetable fibres, n.o.p. under item 548 also have been significant. The proposals of the Primary Textiles Institute, if implemented, would effect a reduction of  $7\frac{1}{2}$  p.c. ad valorem in the British preferential rate and 5 p.c. ad valorem<sup>(1)</sup> in the most-favoured-nation rate. Imports of coated fabrics under item 548 amounted to \$646,000 in 1959, of which \$413,000 came from the United States.

Imports of coated or impregnated fabrics of wool or hair under item 555 amounted to \$121,000 in 1959, of which \$119,000 came from countries entitled to the most-favoured-nation rate. The Institute's proposal would not result in any great change in the British preferential duty. On the other hand, the most-favoured-nation rate would be raised from  $27\frac{1}{2}$  p.c. to a compound rate that would amount to some 50 p.c. when expressed in ad valorem terms.

#### Proposals by Other Interested Parties

The Rubber Association of Canada concurred with the proposals of the Coated Fabrics Industry, except for holland cloth, which is now imported under item 525 by rubber manufacturers for use, in their own factories, exclusively as a detachable protective covering for uncured rubber sheeting at rates of Free under the British Preferential Tariff and  $27\frac{1}{2}$  p.c. under the Most-Favoured-Nation Tariff. Item 525 was dealt with in the Board's Report on Cotton and Cotton Products. It was not called for the review hearing.

<sup>(1)</sup>At the hearing on Miscellaneous Textiles, the Primary Textiles Institute proposed that the most-favoured-nation rate under item 542 be raised from 20 p.c. to  $22\frac{1}{2}$  p.c. If this proposal, too, were adopted, the Institute's proposal on coated fabrics would effect a decrease of only  $2\frac{1}{2}$  p.c. ad valorem instead of 5 p.c.



The Canadian Canvas Goods Manufacturers' Association submitted a proposal with respect to item 538d. This firm produces painted awning fabrics, imports of which are now dutiable under item 538d as coated or impregnated fabrics.

The Association made the following proposal:

"We suggest that, should the Board recommend rate increases for these items (522(3) and 538d) as a result of submissions of interested organizations that a separate tariff item be established to include woven fabrics wholly of cotton, coated or impregnated, printed, dyed or coloured when imported for manufacture into awnings, porch curtains and related products, at rates equivalent to those applied to the products as imported under the items presently in force, i.e., M.F.N. rate of 25 p.c."<sup>(1)</sup>

At present the British preferential rate under item 538d is 20 p.c. and the most-favoured-nation rate is 25 p.c.

Galt Malleable Iron Limited suggested with respect to item 538d that:

"...if any upward revision in duty rates is being considered, materials for awnings, tents and boat covers should be set up in a separate category giving due consideration to the needs of this industry and the availability or lack thereof, of suitable goods from Canadian manufacturers."<sup>(2)</sup>

The Leathercloth and Coated Fabrics Manufacturers' Association of the United Kingdom opposed any increase in duty on leathercloth under item 538d. In its presentation it argued that sales to the Canadian market of leathercloth were of a special nature, that they appeared to supplement the local manufacturers and give a wider choice of qualities and effects for the consumer, that it would be impossible for a manufacturer catering to a small market to produce the variety of goods offered by the United Kingdom Leathercloth Industry, that the existing rates of duty afford a substantial measure of protection for the Canadian industry, and that an increase in duty would result in the consumer paying higher prices even for qualities and types of products not obtainable from Canadian sources.

The British Jute Trade Federal Council opposed any increase in the British preferential rate in item 546, on the grounds that the present rate of 12½ p.c. is sufficient to give reasonable protection to Canadian interests. It requested further that the differential between the British preferential rate and the most-favoured-nation rate in that item should not be decreased.

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<sup>(1)</sup> Proceedings, December 8, 1959, p. 302

<sup>(2)</sup> Ibid, p. 310



The Japan Textile products Exporters' Association opposed the increases in rates recommended by the Coated Fabrics Industry. In particular, interest was expressed with respect to items 538d, 538i(2) and 548. According to the submission, imports from Japan of coated or impregnated fabrics, under the items here reviewed, amounted to approximately \$192,000 or 1.5 per cent of total imports in 1958.

Gourock-Bridport Limited of Montreal presented a submission with respect to items 54ld and 548. This firm imports under item 54ld flax canvas in the web, impregnated but not coloured, which it stated is not obtainable in Canada. It also imports flax canvas in the web, impregnated and coloured, which is dutiable under item 548. Both of these products are used in the manufacture of such products as tarpaulins, hatch covers, boat covers and tents.

It urged that the British preferential rates on these products should not be increased and suggested that, because of the imbalance of trade between the United Kingdom and Canada, the preferential rate should be reduced.

The Flaxspinners' and Manufacturers' Association of Great Britain proposed that no increases under the British Preferential Tariff be recommended with respect to items 54ld and 548 and that, if possible, the existing preferences should be increased.

The Dominion Steel and Coal Corporation, Limited submitted a letter to the Board on item 54lc. Brattice cloth made from hemp, which is used in this firm's coal operations in the Maritimes, is not manufactured in Canada. At present brattice cloth enters free of duty under the British Preferential Tariff and the company recommended that the duty-free entry be continued.

The Association of Millinery Manufacturers submitted a letter to the Board expressing an interest in a product known as "Capenet". This product, stiffened knitted nylon, is now used in place of buckram in shapes for millinery or hats. It is classified under item 538i(2). The main source of imports is the United States. The Association requested a special item be provided for the importation of "Capenet" at a most-favoured-nation rate of  $22\frac{1}{2}$  p.c. instead of the present rate of 35 p.c.

COATED OR IMPREGNATED FABRICSAPPENDIX IIMPORTSExplanation of Symbols

- Denotes nil or zero
- .. Indicates that figures are not available
- \* Indicates a reported figure which disappears on rounding
- (a) A small letter in brackets denotes a footnote to a table
- (1) A number in brackets denotes a footnote to the text
- s.c. Denotes an import statistical class



## COATED OR IMPREGNATED FABRICS

and the corresponding

IMPORT STATISTICAL CLASSES

<u>Tariff Item No.</u>	<u>Abbreviated Description of Statistical Class</u>	<u>Table No.</u>
538d	Woven cotton fabrics, for covering books	1
538d	Rubberized cotton fabrics	2
538d	Cotton window shade cloth	3
538d	Cotton fabrics	4
538i(1)	Silk fabrics	5
538i(2)	Synthetic fabrics	6
541c	Brattice cloth	7
541d	Canvas in the web, of flax or hemp	8
546	Jute fabrics	9
546a	Jute fabrics	9
548	Fabrics of vegetable fibres	10
555	Fabrics of wool or hair	11





Table 1

Imports: Woven fabric, cotton, for covering books. s.c. 3050

Tariff Item 538d (formerly 532b)

Year	Volume 000 lbs.	Value \$000	Unit Value \$/lb.	Duty Collected \$000	Duty as per cent of	
					Total Value	Dutiable Value
1. Total						
1937(a)	61	30	0.49	..	22.0	22.0
1938	75	32	0.43	..	23.2	23.2
1939	97	39	0.40	10	24.6	24.6
1947	162	144	0.89	43	30.0	30.0
1948	95	89	0.94	13	14.1	17.7
1949	86	88	1.03	13	14.4	17.2
1950	135	137	1.01	28	20.7	20.7
1951	141	156	1.11	27	17.3	17.3
1952	132	134	1.02	22	16.6	16.6
1953	135	134	0.99	23	17.0	17.0
1954	168	166	0.99	27	16.3	16.3
1955	160	171	1.06	32	18.9	18.9
1956	190	198	1.04	36	18.1	18.1
1957	183	194	1.06	37	19.1	19.1
1958	208	218	1.04	44	20.2	20.2
1959	171	182	1.06	..	..	..
2. United Kingdom						
1937	41	20	0.49	..	15.0	15.0
1938	45	19	0.42	..	15.0	15.0
1939	38	14	0.37	2	15.0	15.0
1947	*	*	1.12	-	-	-
1948	21	20	0.99	*	1.7	15.0
1949	22	24	1.12	1	6.1	15.0
1950	76	75	0.98	11	15.0	15.0
1951	99	108	1.09	14	13.3	13.3
1952	94	90	0.96	11	12.5	12.5
1953	91	86	0.94	11	12.5	12.5
1954	124	115	0.93	14	12.5	12.5
1955	82	83	1.01	10	12.5	12.5
1956	108	109	1.01	14	12.5	12.5
1957	90	91	1.01	11	12.5	12.5
1958	79	83	1.06	10	12.5	12.5
1959	89	86	0.97	..	..	..

(continued)

Table 1 (concluded)

Year	Volume 000 lbs.	Value \$000	Unit Value \$/lb.	Duty Collected \$000	Duty as per cent of	
					Total Value	Dutiable Value
3. United States						
1937	20	10	0.49	..	33.3	33.3
1938	30	13	0.43	..	32.2	32.2
1939	59	25	0.42	7	30.1	30.1
1947	162	144	0.89	43	30.0	30.0
1948	60	58	0.96	11	18.7	18.7
1949	64	64	1.00	11	17.5	17.5
1950	59	62	1.05	17	27.5	27.5
1951	40	46	1.15	12	26.5	26.5
1952	37	44	1.19	11	25.0	25.0
1953	43	47	1.08	12	25.0	25.0
1954	44	51	1.15	13	25.0	25.0
1955	78	87	1.11	22	25.0	25.0
1956	82	89	1.08	22	25.0	25.0
1957	94	103	1.10	26	25.0	25.0
1958	124	132	1.06	33	25.0	25.0
1959	83	96	1.16	..	..	..

(a) From February 26, 1937

Table 2

Imports: Cotton fabric, rubberized. s.c. 3472

Tariff Item 538d (formerly 532d)

Year	Volume 000 lbs.	Value \$000	Unit Value \$/lb.	Duty Collected \$000	Duty as per cent of	
					Total Value	Dutiable Value
1. Total						
1935	104	40	0.38	..	36.1	36.1
1936	150	52	0.35	..	30.8	30.8
1937	271	83	0.31	..	27.1	27.1
1938	420	122	0.29	..	28.0	28.0
1939	676	205	0.30	60	29.2	29.2
1947	136	105	0.77	15	13.9	30.0
1948	39	29	0.74	7	24.0	24.0
1949	50	35	0.70	9	25.3	25.3
1950	43	38	0.86	9	22.8	22.8
1951	42	43	1.00	9	21.8	21.8
1952	111	90	0.81	21	23.0	24.5
1953	218	181	0.83	45	24.8	24.8
1954	188	137	0.73	34	24.8	24.8
1955	279	206	0.74	51	24.6	24.8
1956	391	289	0.74	54	18.7	24.5
1957	401	272	0.68	58	21.1	24.8
1958	688	493	0.72	110	22.3	24.9
1959	544	391	0.72	..	..	..
2. United Kingdom						
1935	54	20	0.38	..	27.6	27.6
1936	55	17	0.32	..	23.7	23.7
1937	119	33	0.27	..	22.6	22.6
1938	123	41	0.33	..	22.5	22.5
1939	72	23	0.32	5	22.5	22.5
1947	63	56	0.89	-	-	-
1948	14	14	1.00	3	20.2	20.2
1949	14	11	0.77	2	20.3	20.3
1950	29	24	0.82	5	20.2	20.2
1951	31	29	0.91	6	19.5	19.5
1952	7	7	0.98	1	18.0	18.0
1953	3	5	1.53	1	18.0	18.0
1954	8	4	0.55	1	18.0	18.0
1955	8	6	0.69	1	18.0	18.0
1956	18	15	0.84	3	18.0	18.0
1957	7	6	0.84	1	18.0	18.0
1958	12	9	0.74	2	18.0	18.0
1959	3	3	0.85	..	..	..

(continued)

Table 2 (concluded)

Year	Volume 000 lbs.	Value \$000	Unit Value \$/lb.	Duty Collected \$000	Duty as per cent of	
					Total Value	Dutiable Value
3. United States						
1935	49	19	0.39	..	43.7	43.7
1936	84	32	0.38	..	33.6	33.6
1937	136	44	0.32	..	30.3	30.3
1938	295	80	0.27	..	30.0	30.0
1939	601	182	0.30	55	30.0	30.0
1947	73	49	0.67	15	30.0	30.0
1948	25	15	0.59	4	27.6	27.6
1949	36	24	0.68	7	27.5	27.5
1950	14	14	0.95	4	27.5	27.5
1951	11	14	1.28	4	26.6	26.6
1952	104	83	0.80	19	23.5	25.0
1953	215	176	0.82	44	25.0	25.0
1954	180	133	0.74	33	25.0	25.0
1955	271	200	0.74	50	24.8	25.0
1956	372	273	0.73	51	18.7	25.0
1957	388	265	0.68	56	21.2	25.0
1958	673	481	0.71	107	22.4	25.0
1959	541	388	0.72	..	..	..

Table 3

Imports: Cotton window shade cloth in the piece. s.c. 3473

Tariff Item 538d (formerly 532d)

Year	Volume 000 lbs.	Value \$000	Unit Value \$/lb.	Duty Collected \$000	Duty as per cent of	
					Total Value	Dutiable Value
<u>1. Total .</u>						
1935	62	30	0.48	..	28.2	28.2
1936	35	16	0.44	..	23.8	23.8
1937	37	17	0.46	..	48.8	48.8
1938	55	21	0.38	..	24.8	24.8
1939	58	25	0.43	6	26.0	26.0
1947	79	73	0.92	18	25.3	30.0
1948	40	48	1.20	9	19.0	21.7
1949	23	26	1.13	5	21.1	21.1
1950	21	24	1.13	6	24.3	24.3
1951	36	51	1.38	12	23.7	23.7
1952	9	10	1.13	2	21.5	21.5
1953	33	37	1.11	9	24.7	24.7
1954	25	36	1.39	9	25.0	25.0
1955	13	20	1.47	5	24.9	24.9
1956	22	32	1.44	8	24.8	24.8
1957	46	60	1.31	15	24.6	24.6
1958	20	30	1.46	7	24.1	24.1
1959	35	40	1.15	..	..	..
<u>2. United Kingdom</u>						
1935	51	26	0.51	..	26.2	26.2
1936	32	15	0.45	..	22.7	22.7
1937	32	15	0.47	..	26.1	26.1
1938	35	15	0.43	..	22.5	22.5
1939	26	13	0.51	3	22.5	22.5
1947	18	11	0.61	-	-	-
1948	30	38	1.25	6	16.6	19.8
1949	20	23	1.14	5	20.3	20.3
1950	12	10	0.87	2	20.1	20.1
1951	18	21	1.15	4	18.9	18.9
1952	4	5	1.24	1	18.0	18.0
1953	2	1	0.76	*	18.0	18.0
1954	-	-	-	-	-	-
1955	*	*	0.64	*	17.8	17.8
1956	1	1	0.66	*	18.7	18.7
1957	5	3	0.71	1	18.0	18.0
1958	5	4	0.80	7	18.0	18.0
1959	14	9	0.64	..	..	..

Table 3 (concluded)

<u>Year</u>	<u>Volume</u> 000 lbs.	<u>Value</u> \$000	<u>Unit</u> <u>Value</u> \$/lb.	<u>Duty</u> <u>Collected</u> \$000	Duty as per cent of	
					<u>Total</u> <u>Value</u>	<u>Dutiable</u> <u>Value</u>
<u>3. United States</u>						
1935	11	4	0.36	..	47.1	47.1
1936	3	1	0.34	..	34.1	34.1
1937	5	2	0.40	..	30.0	30.0
1938	20	6	0.29	..	30.0	30.0
1939	32	11	0.36	3	30.0	30.0
1947	61	62	1.02	18	30.0	30.0
1948	10	10	1.04	3	27.5	27.5
1949	3	3	1.13	1	27.5	27.5
1950	9	14	1.48	4	27.5	27.5
1951	18	30	1.61	8	27.1	27.1
1952	5	5	1.03	1	25.0	25.0
1953	31	36	1.13	9	25.0	25.0
1954	25	36	1.39	9	25.0	25.0
1955	13	20	1.50	5	25.0	25.0
1956	21	31	1.49	8	24.9	25.0
1957	41	57	1.38	14	25.0	25.0
1958	15	26	1.67	6	25.0	25.0
1959	20	31	1.52	..	..	..



Table 4

Imports: Cotton fabrics, coated or impregnated, n.o.p. s.c. 3474

Tariff Item 538d (formerly 532d and 532e)

Year	Volume 000 lbs.	Value \$000	Unit Value \$/lb.	Duty Collected \$000	Duty as per cent of	
					Total Value	Dutiable Value
<u>1. Total</u>						
1935	915	406	0.44	..	35.8	35.8
1936	1,382	649	0.47	..	30.0	30.0
1937	1,730	783	0.45	..	28.4	28.4
1938	1,473	565	0.38	..	28.2	28.2
1939	1,343	533	0.40	152	28.5	28.5
1947	1,617	1,464	0.91	392	26.8	30.0
1948	757	806	1.06	208	25.8	26.1
1949	805	900	1.12	234	26.0	26.0
1950	1,132	1,345	1.19	347	25.8	25.8
1951	1,664	2,030	1.22	509	25.0	25.1
1952	1,513	1,689	1.12	403	24.1	24.1
1953	2,374	2,503	1.05	605	24.1	24.3
1954	2,832	2,715	0.96	655	24.1	24.3
1955	3,978	3,712	0.93	899	24.2	24.3
1956	4,827	4,475	0.93	1,089	24.3	24.4
1957	5,267	5,018	0.95	1,227	24.4	24.5
1958	5,602	5,290	0.94	1,295	24.5	24.5
1959	5,685	5,222	0.92	..	..	..
<u>2. United Kingdom</u>						
1935	377	156	0.41	..	26.6	26.6
1936	420	227	0.54	..	22.9	22.9
1937	300	188	0.63	..	23.0	23.0
1938	209	134	0.64	..	22.7	22.7
1939	175	111	0.63	25	22.7	22.7
1947	115	156	1.36	-	-	-
1948	117	167	1.43	33	19.6	20.4
1949	141	183	1.30	37	20.3	20.3
1950	276	320	1.16	65	20.2	20.2
1951	340	338	0.99	64	18.9	18.9
1952	181	220	1.22	40	18.0	18.0
1953	293	253	0.86	46	18.2	18.2
1954	384	289	0.75	52	18.0	18.0
1955	605	381	0.63	69	18.0	18.0
1956	552	357	0.65	64	17.9	18.0
1957	405	356	0.88	64	18.0	18.0
1958	339	345	1.02	62	18.0	18.0
1959	506	370	0.73	..	..	..

(continued)

Table 4 (concluded)

Year	Volume 000 lbs.	Value \$000	Unit Value \$/lb.	Duty Collected \$000	Duty as per cent of	
					Total Value	Dutiable Value
3. United States						
1935	535	248	0.46	..	41.4	41.4
1936	925	416	0.45	..	33.2	33.2
1937	1,361	579	0.43	..	30.0	30.0
1938	1,250	426	0.34	..	30.0	30.0
1939	1,155	418	0.36	125	30.0	30.0
1947	1,501	1,306	0.87	391	29.9	30.0
1948	639	637	1.00	175	27.4	27.5
1949	664	715	1.08	196	27.4	27.5
1950	835	1,006	1.20	275	27.4	27.4
1951	1,309	1,664	1.27	436	26.2	26.3
1952	1,328	1,463	1.10	362	24.7	25.0
1953	2,073	2,241	1.08	556	24.8	25.0
1954	2,423	2,408	0.99	599	24.9	25.0
1955	3,127	3,248	1.04	810	24.9	25.0
1956	4,070	4,058	1.00	1,010	24.9	25.0
1957	4,809	4,610	0.96	1,150	24.9	25.0
1958	5,152	4,846	0.94	1,281	26.4	26.5
1959	5,020	4,712	0.94	..	..	..

Table 5

Imports: Fabrics, silk, coated or impregnated, n.o.p. s.c. 3481

Tariff Item 538i(1) (formerly 561a(1))

<u>Year</u>	<u>Volume</u> 000 lbs.	<u>Value</u> \$000	<u>Unit</u> <u>Value</u> \$/lb.	<u>Duty</u> <u>Collected</u> \$000	<u>Duty as per cent of</u>	
					<u>Total</u> <u>Value</u>	<u>Dutiable</u> <u>Value</u>
<u>1. Total</u>						
1935	..	13	..	..	36.9	36.9
1936	..	30	..	..	29.5	29.5
1937	..	44	..	..	29.7	29.7
1938	..	59	..	..	29.9	29.9
1939	..	71	..	21	29.9	29.9
1947	..	5	..	2	29.9	29.9
1948	..	8	..	2	29.3	29.3
1949	..	16	..	5	29.0	29.0
1950	..	25	..	8	29.9	29.9
1951	8	19	2.27	6	30.0	30.0
1952	4	18	4.16	5	29.9	29.9
1953	2	18	8.06	5	29.9	29.9
1954	8	42	5.04	12	30.0	30.0
1955	5	25	4.65	7	30.0	30.0
1956	8	41	5.12	12	30.0	30.0
1957	10	54	5.49	16	30.0	30.0
1958	11	52	4.86	16	30.0	30.0
1959	7	37	5.01	..	..	..

2. United States

1935	..	10	..	..	40.2	40.2
1936	..	26	..	..	30.0	30.0
1937	..	41	..	..	30.0	30.0
1938	..	57	..	..	30.0	30.0
1939	..	69	..	21	30.0	30.0
1947	..	5	..	1	30.0	30.0
1948	..	6	..	2	30.0	30.0
1949	..	13	..	4	30.0	30.0
1950	..	25	..	7	30.0	30.0
1951	8	19	2.27	6	30.0	30.0
1952	4	17	4.24	5	30.0	30.0
1953	2	17	8.37	5	30.0	30.0
1954	8	41	5.02	12	30.0	30.0
1955	5	25	4.65	7	30.0	30.0
1956	8	41	5.13	12	30.0	30.0
1957	10	54	5.50	16	30.0	30.0
1958	11	52	4.86	16	30.0	30.0
1959	7	37	5.01	..	..	..

Table 6

Imports: Fabrics, coated or impregnated, n.o.p., synthetic textile  
fibre, but not containing silk. s.c. 3484

Tariff Item 538i(2) (formerly 561a(ii))

Year	Volume 000 lbs.	Value \$000	Unit Value \$/lb.	Duty Collected \$000	Duty as per cent of	
					Total Value	Dutiable Value
<u>1. Total</u>						
1935	..	5	..	..	46.5	46.5
1936	..	8	..	..	38.6	38.6
1937	..	21	..	..	39.2	39.2
1938	..	22	..	..	39.3	39.3
1939	..	14	..	5	39.7	39.7
1947	..	106	..	42	39.8	40.0
1948	..	63	..	25	39.9	39.9
1949	..	58	..	23	39.9	39.9
1950	..	228	..	89	39.1	39.9
1951	313	633	2.02	234	36.9	37.2
1952	1,268	2,160	1.70	756	35.0	35.0
1953	1,479	2,505	1.69	876	35.0	35.0
1954	1,548	2,472	1.60	854	34.5	35.0
1955	2,159	3,508	1.62	1,227	35.0	35.0
1956	2,634	3,676	1.40	1,285	35.0	35.0
1957	3,031	4,089	1.35	1,429	35.0	35.0
1958	3,144	4,387	1.40	1,533	35.0	35.0
1959	2,968	4,208	1.42	..	..	..
<u>2. United States</u>						
1935	..	4	..	..	47.5	47.5
1936	..	7	..	..	40.0	40.0
1937	..	19	..	..	40.0	40.0
1938	..	21	..	..	40.0	40.0
1939	..	13	..	5	40.0	40.0
1947	..	106	..	42	39.8	40.0
1948	..	62	..	25	40.0	40.0
1949	..	57	..	23	40.0	40.0
1950	..	227	..	89	39.2	40.0
1951	288	582	2.02	216	37.1	37.4
1952	1,207	2,058	1.70	720	35.0	35.0
1953	1,307	2,297	1.76	803	35.0	35.0
1954	1,328	2,199	1.66	758	34.5	35.0
1955	1,789	3,090	1.73	1,081	35.0	35.0
1956	2,082	3,092	1.49	1,082	35.0	35.0
1957	2,323	3,377	1.45	1,181	35.0	35.0
1958	2,628	3,872	1.47	1,355	35.0	35.0
1959	2,336	3,620	1.55	..	..	..

(continued)

Table 6 (concluded)

<u>Year</u>	<u>Volume</u> 000 lbs.	<u>Value</u> \$000	<u>Unit</u> <u>Value</u> \$/lb.	<u>Duty</u> <u>Collected</u> \$000	<u>Duty as per cent of</u>	
					<u>Total</u> <u>Value</u>	<u>Dutiable</u> <u>Value</u>
<u>3. Belgium</u>						
1935	-	-	-	-	-	-
1936	-	-	-	-	-	-
1937	..	*	..	..	40.0	40.0
1938	-	-	-	-	-	-
1939-50	-	-	-	-	-	-
1951	21	46	2.15	17	36.2	36.2
1952	61	102	1.67	36	35.0	35.0
1953	165	195	1.18	68	35.0	35.0
1954	197	228	1.16	80	35.0	35.0
1955	340	372	1.10	130	35.0	35.0
1956	502	527	1.05	184	35.0	35.0
1957	672	680	1.01	238	35.0	35.0
1958	473	478	1.01	167	35.2	35.2
1959	575	554	0.96	..	..	..

Table 7

Imports: Fabrics of vegetable fibres, coated or impregnated, for  
brattice cloth. s.c. 3480

Tariff Item 541c

Year	Volume 000 lbs.	Value \$000	Unit Value \$/lb.	Duty Collected \$000	Duty as per cent of	
					Total Value	Dutiable Value
<u>1. Total</u>						
1935	..	44	..	-	-	-
1936	..	50	..	..	*	10.0
1937	..	48	..	-	-	-
1938	..	56	..	-	-	-
1939	..	51	..	-	-	-
1947	..	108	..	*	0.1	10.0
1948	..	134	..	*	0.4	10.0
1949	..	125	..	*	0.1	10.0
1950	..	89	..	*	0.1	10.0
1951	629	117	0.19	*	0.1	10.0
1952	876	178	0.20	1	0.3	10.0
1953	178	30	0.17	*	0.2	10.0
1954	400	57	0.14	*	0.1	10.0
1955	291	46	0.16	*	0.4	10.0
1956	609	93	0.15	*	0.3	10.0
1957	117	24	0.20	*	1.0	10.0
1958	429	61	0.14	*	0.5	10.0
1959	236	41	0.17	..	..	..

2. United Kingdom

1935	..	44	..	-	-	-
1936	..	50	..	-	-	-
1937	..	48	..	-	-	-
1938	..	56	..	-	-	-
1939	..	51	..	-	-	-
1947	..	108	..	-	-	-
1948	..	129	..	-	-	-
1949	..	124	..	-	-	-
1950	..	88	..	-	-	-
1951	626	116	0.19	-	-	-
1952	870	172	0.20	-	-	-
1953	176	30	0.17	-	-	-
1954	398	57	0.14	-	-	-
1955	284	45	0.16	-	-	-
1956	600	91	0.15	-	-	-
1957	109	21	0.20	-	-	-
1958	419	58	0.14	-	-	-
1959	227	38	0.17	-	-	-



Table 8

Imports: Canvas in the web, of flax or hemp, not coloured, impregnated with preservative materials, for tents, awnings, tarpaulins, hatch covers and similar articles, weighing not less than 18 ounces and not more than 26 ounces per square yard. s.c. 3476

## Tariff Item 54ld

Year	Volume 000 lbs.	Value \$000	Unit Value \$/lb.	Duty Collected \$000	Duty as per cent of	
					Total Value	Dutiable Value
1. Total						
1935	49	16	0.32	..	16.3	16.3
1936	64	22	0.34	..	15.0	15.0
1937	92	34	0.37	..	15.2	15.2
1938	60	23	0.39	..	15.4	15.4
1939	40	18	0.45	3	15.8	15.8
1947	16	14	0.88	1	8.5	8.5
1948	6	5	0.86	1	15.4	15.4
1949	10	8	0.78	1	15.0	15.0
1950	23	16	0.68	2	15.0	15.0
1951	18	17	0.97	3	15.6	15.6
1952	19	18	0.96	3	16.3	16.3
1953	60	43	0.71	7	15.2	15.2
1954	102	64	0.63	10	15.0	15.6
1955	62	41	0.66	6	15.0	15.0
1956	47	29	0.63	5	15.4	15.4
1957	76	48	0.63	8	16.1	16.1
1958	96	56	0.58	9	15.8	15.8
1959	53	33	0.62	..	..	..
2. United Kingdom						
1935	49	16	0.32	..	16.3	16.3
1936	64	22	0.34	..	15.0	15.0
1937	91	34	0.37	..	15.0	15.0
1938	60	23	0.39	..	15.3	15.3
1939	40	18	0.45	3	15.8	15.8
1947	15	13	0.87	1	7.5	7.5
1948	6	5	0.85	1	15.0	15.0
1949	10	8	0.78	1	15.0	15.0
1950	23	16	0.68	2	15.0	15.0
1951	17	16	0.95	2	15.0	15.0
1952	18	16	0.92	2	15.0	15.0
1953	59	42	0.71	6	15.0	15.0
1954	99	59	0.60	9	15.0	15.0
1955	61	41	0.66	6	15.0	15.0
1956	46	28	0.62	4	15.0	15.0
1957	71	45	0.63	7	15.0	15.0
1958	92	53	0.57	8	15.0	15.0
1959	49	31	0.62	..	..	..

Table 9

Imports: Fabrics, jute, coated or impregnated. s.c. 3478

Tariff Items 546, 546a

Year	Volume 000 lbs.	Value \$000	Unit Value \$/lb.	Duty Collected \$000	Duty as per cent of	
					Total Value	Dutiable Value
<u>1. Total</u>						
1935	..	22	..	..	20.9	20.9
1936	..	9	..	..	15.2	15.2
1937	..	10	..	..	15.1	15.1
1938	..	3	..	..	14.0	14.0
1939	..	5	..	1	17.2	17.2
1947	..	9	..	2	17.1	17.1
1948	..	7	..	1	20.4	20.4
1949	..	9	..	2	18.0	18.0
1950	..	45	..	10	21.6	21.6
1951	117	51	0.44	11	21.8	21.8
1952	122	44	0.36	10	22.2	22.2
1953	200	71	0.35	15	21.9	21.9
1954	152	52	0.34	12	22.2	22.2
1955	209	77	0.37	17	22.0	22.0
1956	133	43	0.32	9	20.1	20.1
1957	126	38	0.30	7	19.5	20.2
1958	144	43	0.30	9	21.9	21.9
1959	241	67	0.28	..	..	..

2. United Kingdom

1935	..	16	..	..	12.5	12.5
1936	..	6	..	..	12.5	12.5
1937	..	8	..	..	13.3	13.3
1938	..	2	..	..	12.5	12.5
1939	..	2	..	*	12.5	12.5
1947	..	3	..	*	6.2	6.2
1948	..	1	..	*	11.4	11.4
1949	..	4	..	1	12.5	12.5
1950	..	4	..	1	12.5	12.5
1951	11	4	0.32	*	12.5	12.5
1952	3	1	0.43	*	12.5	12.5
1953	11	4	0.39	1	12.5	12.5
1954	3	1	0.46	*	12.5	12.5
1955	9	4	0.45	*	12.5	12.5
1956	11	5	0.47	1	12.2	12.5
1957	14	5	0.35	*	8.4	12.5
1958	7	3	0.38	*	12.5	12.5
1959	3	1	0.41	..	..	..

(continued)

Table 9 (concluded)

<u>Year</u>	<u>Volume</u> 000 lbs.	<u>Value</u> \$000	<u>Unit</u> <u>Value</u> \$/lb.	<u>Duty</u> <u>Collected</u> \$000	Duty as per cent of	
					<u>Total</u> <u>Value</u>	<u>Dutiable</u> <u>Value</u>
<u>3. United States</u>						
1935	..	5	..	..	27.9	27.9
1936	..	3	..	..	22.5	22.5
1937	..	2	..	..	22.6	22.6
1938	..	1	..	..	22.5	22.5
1939	..	2	..	*	22.5	22.5
1947	..	6	..	1	22.5	22.5
1948	..	6	..	1	22.5	22.5
1949	..	5	..	1	22.5	22.5
1950	..	41	..	9	22.5	22.5
1951	105	47	0.45	11	22.5	22.5
1952	119	43	0.36	10	22.5	22.5
1953	189	66	0.35	15	22.5	22.5
1954	149	51	0.34	11	22.5	22.5
1955	201	73	0.37	17	22.5	22.5
1956	121	37	0.31	8	21.5	21.5
1957	103	30	0.29	7	22.5	22.5
1958	137	40	0.29	9	22.5	22.5
1959	237	65	0.28	..	..	..

Table 10

Imports: Fabrics, coated or impregnated, vegetable fibres, but not containing silk, synthetic textile fibre, nor wool, n.o.p.  
s.c. 3479

## Tariff Item 548

Year	Volume 000 lbs.	Value \$000	Unit Value \$/lb.	Duty Collected \$000	Duty as per cent of	
					Total Value	Dutiable Value
1. Total						
1935	125	74	0.59	..	34.3	34.3
1936	93	54	0.58	..	33.7	33.7
1937	101	47	0.47	..	31.3	31.3
1938	69	31	0.45	..	31.1	31.1
1939	61	24	0.40	7	28.9	28.9
1947	358	316	0.88	68	21.5	30.0
1948	67	82	1.24	20	24.8	24.9
1949	76	96	1.26	23	24.5	24.5
1950	110	128	1.16	32	24.8	24.8
1951	178	192	1.08	48	25.0	25.0
1952	168	203	1.21	51	25.0	25.0
1953	198	222	1.12	56	25.0	25.0
1954	218	201	0.92	50	25.0	25.0
1955	317	275	0.87	69	25.0	25.0
1956	743	400	0.54	98	24.4	24.4
1957	1,377	575	0.42	138	24.0	24.0
1958	1,984	792	0.40	191	24.1	24.2
1959	1,677	646	0.38	..	..	..

2. United Kingdom

1935	33	34	1.04	..	25.8	25.8
1936	18	19	1.07	..	25.0	25.0
1937	19	7	0.38	..	22.5	22.5
1938	9	6	0.63	..	22.5	22.5
1939	8	4	0.49	1	22.5	22.5
1947	53	90	1.69	-	-	-
1948	6	7	1.28	2	21.8	22.5
1949	20	20	0.99	4	22.5	22.5
1950	22	23	1.06	6	23.6	23.6
1951	25	27	1.08	7	25.0	25.0
1952	28	36	1.29	9	25.0	25.0
1953	30	24	0.79	6	25.0	25.0
1954	27	27	0.99	7	25.0	25.0
1955	51	33	0.66	8	25.0	25.0
1956	232	92	0.40	21	22.5	22.5
1957	402	155	0.39	33	21.3	21.3
1958	398	161	0.41	33	20.9	20.9
1959	339	104	0.31	..	..	..

(continued)

Table 10 (concluded)

Year	Volume 000 lbs.	Value \$000	Unit Value \$/lb.	Duty Collected \$000	Duty as per cent of	
					Total Value	Dutiable Value
<u>3. United States</u>						
1935	88	36	0.41	..	43.1	43.1
1936	69	34	0.50	..	36.8	36.8
1937	81	40	0.49	..	33.0	33.0
1938	59	24	0.41	..	33.2	33.2
1939	53	21	0.39	6	30.0	30.0
1947	305	226	0.74	68	30.0	30.0
1948	61	75	1.23	19	25.1	25.1
1949	55	75	1.35	19	25.0	25.0
1950	88	103	1.18	26	25.0	25.0
1951	152	164	1.08	41	25.0	25.0
1952	140	167	1.19	42	25.0	25.0
1953	166	195	1.18	49	25.0	25.0
1954	190	172	0.90	43	25.0	25.0
1955	253	235	0.93	59	25.0	25.0
1956	257	256	0.99	64	25.0	25.0
1957	271	291	1.07	73	25.0	25.0
1958	402	442	1.10	110	25.0	25.0
1959	426	413	0.97	..	..	..
<u>4. Japan</u>						
1935	-	-	-	-	-	-
1936	-	-	-	-	-	-
1937	1	*	0.08	..	48.1	48.1
1938	-	-	-	-	-	-
1939	*	*	0.11	*	30.0	30.0
1947	-	-	-	-	-	-
1948	-	-	-	-	-	-
1949	-	-	-	-	-	-
1950	*	*	2.55	*	36.5	36.5
1951	-	-	-	-	-	-
1952	-	-	-	-	-	-
1953	-	-	-	-	-	-
1954	*	*	1.36	*	24.8	24.8
1955	8	2	0.23	*	25.0	25.0
1956	252	50	0.20	13	25.0	25.0
1957	690	117	0.17	29	25.1	25.1
1958	1,180	187	0.16	47	25.0	25.0
1959	905	125	0.14	..	..	..

Table 11

Imports: Fabrics, coated or impregnated, wool or hair, but not containing silk nor synthetic textile fibre, n.o.p. s.c. 3483(a)

Tariff Items 555, 556

Year	Volume 000 lbs.	Value \$000	Unit Value \$/lb.	Duty Collected \$000	Duty as per cent of	
					Total Value	Dutiable Value
1. Total						
1935	1	1	0.97	..	57.6	57.6
1936	3	5	1.85	..	50.7	50.7
1937	8	10	1.14	..	36.6	36.6
1938	6	6	1.01	..	41.1	41.1
1939	5	5	1.06	2	33.8	33.8
1947	11	24	2.29	13	52.7	52.7
1948	8	19	2.29	5	24.7	24.7
1949	17	30	1.74	8	26.8	26.8
1950	194	404	2.09	111	27.4	27.4
1951	248	754	3.04	206	27.4	27.4
1952	161	362	2.25	99	27.4	27.4
1953	156	315	2.02	87	27.4	27.4
1954	179	263	1.48	72	27.4	27.5
1955	172	225	1.31	61	27.0	27.0
1956	302	317	1.05	85	27.0	27.0
1957	132	201	1.53	55	27.4	27.4
1958	107	155	1.46	43	27.6	27.6
1959	69	121	1.74	..	..	..
2. United Kingdom						
1935	1	1	0.91	..	45.9	45.9
1936	*	1	3.61	..	34.6	34.6
1937	6	6	0.99	..	27.5	27.5
1938	6	6	0.94	..	27.0	27.0
1939	5	4	0.87	1	27.0	27.0
1947	*	1	2.42	*	22.5	22.5
1948	3	10	3.67	2	22.5	22.5
1949	2	4	1.99	1	22.5	22.5
1950	5	8	1.69	2	22.5	22.5
1951	2	7	3.99	2	23.3	23.3
1952	2	5	2.14	1	22.5	22.5
1953	2	5	2.81	1	22.5	22.5
1954	6	11	1.85	2	20.3	22.7
1955	28	19	0.69	4	22.5	22.5
1956	67	33	0.49	7	22.5	22.5
1957	10	5	0.54	1	22.5	22.5
1958	1	1	1.34	*	22.5	22.5
1959	1	2	2.39	..	..	..

(continued)



Table 11 (concluded)

Year	Volume 000 lbs.	Value \$000	Unit Value \$/lb.	Duty Collected \$000	Duty as per cent of	
					Total Value	Dutiable Value
3. United States						
1935	*	*	1.11	..	59.7	59.7
1936	2	4	1.74	..	58.4	58.4
1937	2	3	1.39	..	64.9	64.9
1938	*	1	2.04	..	50.7	50.7
1939	1	1	2.62	1	52.4	52.4
1947	10	23	2.28	13	54.2	54.2
1948	5	8	1.57	2	27.5	27.5
1949	15	26	1.70	7	27.5	27.5
1950	189	396	2.10	109	27.5	27.5
1951	242	728	3.01	199	27.4	27.4
1952	152	338	2.22	93	27.5	27.5
1953	105	194	1.85	54	27.5	27.5
1954	125	148	1.18	41	27.8	27.8
1955	103	116	1.12	32	27.5	27.5
1956	140	127	0.91	35	27.5	27.5
1957	32	36	1.13	10	27.5	27.5
1958	54	59	1.09	16	27.8	27.8
1959	31	40	1.30	..	..	..
4. Germany <sup>(b)</sup>						
1935	-	-	-	-	-	-
1936	-	-	-	-	-	-
1937	*	*	1.23	*	66.4	66.4
1938-55	-	-	-	-	-	-
1956	17	27	1.64	8	27.2	27.2
1957	54	104	1.92	29	27.5	27.5
1958	41	76	1.84	21	27.5	27.5
1959	31	64	2.08	..	..	..

(a) Imports of needled felt are included in this statistical class; no breakdown is available to show imports under tariff items 555 and 556 separately

(b) Beginning in 1952, West Germany only



COATED OR IMPREGNATED FABRICS

APPENDIX II

HISTORY OF TARIFF ITEMS



Coated or Impregnated FabricsHistory of Tariff ItemsTariff Item 538d

Fabrics wholly of cotton, coated or impregnated, n.o.p.

	<u>British Preferential</u>	<u>Most-Favoured- Nation</u>	<u>General</u>
1960, April 1	20 p.c.	25 p.c.	35 p.c.
and, per pound (Previously items 532b, 532d, 532e and 523g in part)			4 cts.

Tariff Item 532b

Woven fabric, wholly of cotton, for covering books

1951, June 6 (GATT)	12 $\frac{1}{2}$ p.c.	25 p.c.	
1948, January 1 (GATT)		27 $\frac{1}{2}$ p.c.	
1937, February 26	15 p.c.	30 p.c.	35 p.c.
and, per pound (Previously part of item 532)		1 $\frac{1}{2}$ cts.	4 cts.

Tariff Item 532d

Fabrics wholly of cotton, coated or impregnated, n.o.p.

1951, June 6 (GATT)	20 p.c.	25 p.c.	
1950, June 1	22 $\frac{1}{2}$ p.c.	27 $\frac{1}{2}$ p.c.	35 p.c.
and, per pound			4 cts.

Tariff Item 532e

Fabrics wholly of cotton, coated or impregnated, for use in the manufacture of projection screens

1954, October 28	Free	Free	20 p.c.
(Previously part of item 862)			

Tariff Item 523g

Woven fabrics, whether coated or not coated with rubber, when imported by manufacturers of card clothing for textile machinery, for use in the manufacture of such card clothing in their own factories

	<u>British Preferential</u>	<u>Most-Favoured- Nation</u>	<u>General</u>
1951, April 11	Free	Free	Free
1929, March 2			

Woven fabrics of cotton, or of cotton and wool, whether coated or not coated with rubber, when imported by manufacturers of card clothing for textile machinery, for use exclusively in the manufacture of card clothing in their own factories

	Free	Free	Free
(Previously classified under items 523, 532, 554b, 554c or 555)			

Tariff Item 538i - Introduced April 1, 1960 to replace items 561a(i) and (ii)

Fabrics, coated or impregnated, n.o.p.:

(1) Composed wholly or in part of silk

27½ p.c.                      30 p.c.                      45 p.c.

(2) Composed wholly or in part of synthetic textile fibres or filaments, but not containing silk

30 p.c.                      35 p.c.                      50 p.c.

Tariff Item 561a

Fabrics, coated or impregnated, n.o.p.:

(i) Composed wholly or in part of silk

(ii) Composed wholly or in part of synthetic textile fibres or filaments, but not containing silk

1951, June 6 (GATT)

(ii)    35 p.c.

1931, June 2

(i)    27½ p.c.                      30 p.c.                      45 p.c.  
(Previously part of item 567)

(ii) Composed wholly or in part of artificial silk or similar synthetic fibres produced by chemical processes but not containing silk

30 p.c.                      40 p.c.                      50 p.c.  
(Previously part of item 567a)



Tariff Item 541c

Woven fabrics of vegetable fibres, coated or impregnated, imported for use exclusively as "brattice cloth" in underground mining operations

	<u>British Preferential</u>	<u>Most-Favoured- Nation</u>	<u>General</u>
1929, March 2 (Previously classified under items 532, 546 or 548)	Free	10 p.c.	12½ p.c.

Tariff Item 541d

Canvas in the web, wholly of flax or hemp, or both, plain woven, not coloured, not further manufactured than impregnated with weather-proofing or preservative materials, suitable for manufacturing into tents, awnings, tarpaulins, hatch covers and similar articles, weighing not less than 18 ounces and not more than 26 ounces per sq. yd.

1948, January 1 (GATT) and, per pound		25 p.c. 3½ cts.	
1934, April 19 and, per pound (Previously part of item 548)	15 p.c.	30 p.c. 3½ cts.	35 p.c. 4 cts.

Tariff Item 546

Articles made from fabrics, finished or unfinished, and all textile manufactures, wholly of jute, n.o.p.; fabrics wholly of jute, coated or impregnated, and jute fabric backed with paper

1948, January 1 (GATT)		22½ p.c.	
1933, June 10 (Canada-France Trade Agreement) - Intermediate Tariff less a discount of 10 per cent			
1928, February 17 Articles made from fabrics, finished or unfinished, and all textile manufactures, wholly of jute, n.o.p.; fabrics, wholly of jute, coated or impregnated			
(Previously classified under items 538, 562 or 638)	12½ p.c.	25 p.c.	30 p.c.

Tariff Item 546a

Woven jute fabric, impregnated, imported in lengths not more than three feet each

1954, April 7	Free	5 p.c.	15 p.c.
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Tariff Item 548

Clothing, wearing apparel and articles, made from woven fabrics, and all textile manufactures, wholly or partially manufactured, composed wholly or in part of vegetable fibres but not containing wool, n.o.p.; fabrics coated or impregnated, composed wholly or in part of vegetable fibres but not containing silk, synthetic textile fibres or filaments, nor wool, n.o.p.

	<u>British</u> <u>Preferential</u>	<u>Most-Favoured-</u> <u>Nation</u>	<u>General</u>
1948, January 1 (GATT)		25 p.c.	
1939, January 1 (U.S. Trade Agreement)		30 p.c.	
1937, February 26	25 p.c.	30 p.c.	35 p.c.
and, per pound		1½ cts.	4 cts.
1930, September 17	25 p.c.	30 p.c.	35 p.c.
and, per pound	3 cts.	3½ cts.	4 cts.

1928, February 17

Clothing, wearing apparel and articles, made from woven fabrics, and all textile manufactures, wholly or partially manufactured, composed wholly or in part of vegetable fibres but not containing wool, n.o.p.; fabrics coated or impregnated, composed wholly or in part of vegetable fibres but not containing silk, artificial silk nor wool, n.o.p.

22½ p.c.      30 p.c.      35 p.c.

(Previously classified under items 525, 549, 537, 562, 575a and 638)

Tariff Item 555

Clothing, wearing apparel and articles made from woven fabrics, and all textile manufactures, wholly or partially manufactured, composed wholly or in part of wool or similar animal fibres, but of which the component of chief value is not silk nor synthetic textile fibres or filaments, n.o.p.; fabrics, coated or impregnated, composed wholly or in part of yarns of wool or hair, but not containing silk nor synthetic textile fibres or filaments, n.o.p.

1948, January 1 (GATT)	25 p.c.	27½ p.c.
1937, February 26 (U.K. Trade Agreement)	30 p.c.	
1932, October 13	30 p.c.	
and, per pound	18¾ cts.	

<u>British</u> <u>Preferential</u>	<u>Most-Favoured-</u> <u>Nation</u>	<u>General</u>
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1930, September 17

Clothing, wearing apparel and articles made from woven fabrics, and all textile manufactures, wholly or partially manufactured, composed wholly or in part of wool or similar animal fibres, but of which the component of chief value is not silk nor artificial silk, n.o.p.; fabrics, coated or impregnated, composed wholly or in part of yarns of wool or hair, but not containing silk nor artificial silk, n.o.p.  
and, per pound

30 p.c.  
25 cts.

40 p.c.  
32½ cts.

40 p.c.  
35 cts.

1928, February 17

Clothing, wearing apparel and articles made from woven fabrics, and all textile manufactures, wholly or partially manufactured, composed wholly or in part of wool, the hair of the camel, alpaca, goat or other like animal, but of which the component of chief value is not silk nor artificial silk, n.o.p.; fabrics, coated or impregnated, composed wholly or in part of wool, the hair of the camel, alpaca, goat or other like animal, but not containing silk nor artificial silk, n.o.p.  
(Previously under tariff item 562 or 567)

27½ p.c.

35 p.c.

35 p.c.









## Summary and Conclusions

### Batts, Batting and Wadding

There are about fifteen producers of batting and wadding in Canada; the major firms employ more than 400 persons, though some of these are employed in the production of other products. From 1950 to 1958 the Canadian market for these products was, on the average, in excess of \$5,600,000 per annum; in only one year, 1954, did the domestic producers' share of the total Canadian market fall below 90 per cent. Imports are nearly all from the United States.

The Board received proposals for reduction, for preservation in statu quo and for increase in the rates of customs duties. The only proposal for reduction in rates was made by Canadian quilters who pointed out that such a reduction would alleviate a situation under which the amount of duty payable on certain quilted fabrics is less than that which would be payable if the fabrics were unquilted.

In the production of batting and wadding it appears that raw materials account for 60 per cent and labour for 30 per cent of the total manufacturing costs. Most of the materials for the manufacture of these products are free of duty; there appears to be no real threat to the overwhelming share of the domestic market held by domestic manufacturers; any reduction in rates of duty would tend to lower prices since domestic producers appear to be taking full advantage of existing rates.

In these circumstances the Board is recommending that the wording of the present Tariff Item 536 be retained with a minor change for greater clarity but that the rates of duty be reduced from 12½ p.c. to 10 p.c. under the British Preferential Tariff and from 20 p.c. to 17½ p.c. under the Most-Favoured-Nation Tariff.

### Coated or Impregnated Fabrics

Textile fabrics have been coated or impregnated for many years. Recently new processes and finishes have been introduced so that at present many difficulties lurk in the labyrinth of meanings that may be given to the words "coated or impregnated" as related to fabrics.

Many fabrics not usually thought of as being coated or impregnated are nevertheless the result of impregnation in the strictest sense of the word. These include fabrics which have been bleached, dyed, sanforized, moth-proofed or made crease resistant or water repellent. Such processes make these fabrics more suitable for particular uses; however, they add little to the weight of the textile fabric, they are usually carried out by the producers of the fabric itself and they are apparent, if at all, principally by reason of a change in colour.

The fabrics usually thought of as being coated or impregnated are produced principally by calendering, laminating or spread coating. These processes add considerably to the weight of the fabric and result in changes which are perceptible to the senses for reasons other than mere change in colour.

As proposed by the industry, the Board has adopted the criterion of the weight of the untreated textile fabric in relation to the weight of the coated or impregnated fabric to distinguish between the first and the second group of these products for Tariff purposes.

Another distinction could be made between coating and impregnating; some fabrics may only be coated, some only impregnated and many both coated and impregnated; to state the distinction precisely might well be a stimulating exercise but to attempt to apply it in practice could only be productive of toil and frustration for the importer and the Customs official; to avoid this dismal result, the Board, in its recommendations, is continuing part of the usage of the present tariff items by not attempting to distinguish between "coated" and "impregnated" fabrics.

The Board considers that the adoption of the weight criterion and the continued use of the phrase "coated or impregnated" would result in no unreasonable difficulties or perplexities in distinguishing between the two groups of fabrics.

The firms commonly known as the Coated Fabrics Industry produce principally fabrics belonging to the second group, that is the fabrics which are more heavily coated or impregnated. In recent years these firms have shipped some 12 million dollars worth of coated fabrics out of total annual Canadian shipments of 16 million dollars. A spokesman for the industry estimated that imports of such fabrics were valued at 2.3 million in 1957, the chief source being the United States; in recent years imports have supplied less than fifteen per cent of the Canadian market consisting partly of style products used in small quantities and partly of low-price merchandise. The Coated Fabrics Industry stressed the depressing effect of low-price imports on prices and profits.

Canadian cost disadvantages appear to be due largely to the shortness of runs and to a capacity considerably in excess of our requirements. Even without imports the industry would face a problem arising out of investment in productive facilities well in excess of the domestic market's requirements.

The Primary Textiles Institute contended that the lighter coatings or treatments of fabrics, mostly by way of normal finishes, added but little to weight and value and that separate tariff treatment of such treated fabrics could diminish the protection now given to the producers of textile fabrics.

The Coated Fabrics Industry and the Primary Textiles Institute urged the Board to adopt proposals the effect of which would be generally to increase rates of duty; to meet competition

from low-cost countries specific minimum rates of duty were proposed by the Coated Fabrics Industry. Other proposals were also made, the adoption of which would have varying effects.

The weight criterion adopted by the Board to identify those fabrics for which special provision is made in the Board's recommended item for Coated or Impregnated Fabrics is that proposed by the Industry: that the weight of the textile fabric be less than two-thirds of the weight of the coated or impregnated fabric. This criterion has the practical advantage of being well above the textile weight component of most of the products the Board seeks to include and well below the textile weight component of most of the products the Board seeks to exclude from the special item; it appears to have the advantage of rare or remote involvement in practical conflict.

The range of coated or impregnated fabrics encompassed by the recommended item is, for practical purposes, the range of fabrics produced by the Coated Fabrics Industry and those excluded are the fabrics produced by the primary textile manufacturers.

The more lightly coated or impregnated fabrics produced mainly by the textile fabric industry are not usually changed in characteristics or in basic use; their principal cost component is the untreated textile fabric and they are often competitive with such textile fabric. These types of coated or impregnated textile fabrics might reasonably be made dutiable, in most cases, at the same rates as the corresponding basic textile fabrics; the Board has so recommended.

In the heavily coated or impregnated fabrics described in the recommended item, the cost of textile fabrics averages approximately one-third of total factory cost; in considering the rates on the heavily coated or impregnated fabrics the Board had regard to the rates on the uncoated or unimpregnated fabrics. Most of the other materials, if imported, would be dutiable at various rates not exceeding fifteen per cent. The Board is of the view that the principal problem of the industry is excess capacity which, of course, has aggravated the problem created by short runs.

With the exception of those coated fabrics where the fabric is of man-made fibres, the Board considers that the rates applicable to coloured or printed cotton fabrics are also appropriate to heavily coated or impregnated fabrics and so recommends. Because of the high duties on woven man-made fabrics the Board recommends somewhat higher rates on heavily coated or impregnated fabrics made from textile fabrics of man-made fibres.

Special tariff items for treated canvas of flax or hemp and for brattice cloth of vegetable fibre are contained in the Board's recommendations.

The effects of the recommendations on the rates of Customs duties are shown in the Notes on Recommended Items and in the Notes on Existing Items.





RECOMMENDED SCHEDULE

That Schedule A to the Customs Tariff be amended by striking out tariff items 536, 538d, 538i(1), 538i(2), 541c, 541d, 546 in so far as it relates to fabrics, wholly of jute, coated or impregnated, 546a, 548 in so far as it relates to fabrics, coated or impregnated, composed wholly or in part of vegetable fibres, but not containing silk, synthetic textile fibres or filaments, nor wool, n.o.p. and 555 in so far as it relates to fabrics, coated or impregnated, composed wholly or in part of yarns of wool or hair, but not containing silk nor synthetic textile fibres or filaments, and the enumerations of goods and the rates of duty set opposite each of these items and by inserting therein the following items, enumerations of goods and rates of duty:

Tariff Item	Goods Subject to Duty and Free Goods	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
I	Batts, batting and wadding of wool, cotton or other textile fibre, n.o.p. ....	10 p.c.	17½ p.c.	25 p.c.
II	Coated or impregnated fabrics, containing textile fabric, produced by any method including lamination, if the weight of the textile fabric is less than two-thirds of the weight of the coated or impregnated fabric:			
	(a) The textile fabric being wholly or in part of man-made fibres or filaments or of glass fibres or filaments .....	25 p.c.	30 p.c.	50 p.c.
	(b) The textile fabric not being wholly or in part of man-made fibres or filaments or of glass fibres or filaments .....	17½ p.c.	22½ p.c.	40 p.c.

If the weight of the textile fabric is two-thirds or more of the weight of the coated or impregnated fabric, the coated or impregnated fabric shall not be dutiable under this item but shall be dutiable as though it were not coated or impregnated, unless more specifically provided for elsewhere.

Tariff Item	Goods Subject to Duty and Free Goods	British Prefer- ential Tariff	Most- Favoured- Nation Tariff	General Tariff
III	Woven fabrics of vegetable fibres, coated or impregnated, imported for use as "brattice cloth" in underground mining operations ...	Free	10 p.c.	12½ p.c.
IV	Canvas in the web, wholly of flax or hemp, or both, plain woven, coloured or not, treated with weatherproofing or preservative materials, weighing more than 6 ounces per square yard, when the weight of the untreated fabric is two-thirds or more of the weight of the treated fabric .....	17½ p.c.	22½ p.c.	40 p.c.



Notes on Recommended ItemsRecommended Item I

- I Batts, batting and wadding of wool, cotton or other textile fibre, n.o.p.

10 p.c.       $17\frac{1}{2}$  p.c.      25 p.c.

This item would replace existing item 536 with a minor change in wording and with a reduction of  $2\frac{1}{2}$  p.c. in both the British preferential and most-favoured-nation rates.

Most of the materials entering into the manufacture of batts, batting and wadding are free of duty under both the British Preferential and Most-Favoured-Nation Tariffs. The two principal exceptions are staple fibres dutiable under item 560a at 5 p.c. British preferential and  $12\frac{1}{2}$  p.c. most-favoured-nation, and garnetted material, n.o.p. dutiable under item 559d at  $7\frac{1}{2}$  p.c. British preferential and 10 p.c. most-favoured-nation.

Manufacturers of quilting pointed out that the duty on certain quilted fabrics of man-made fibres is less than the duty which would be payable if the unquilted fabric were imported.

In recent years imports, nearly all from the United States, have amounted to approximately half a million dollars annually, something less than ten per cent of total Canadian consumption.

Recommended Item II

- II Coated or impregnated fabrics, containing textile fabric, produced by any method including lamination, if the weight of the textile fabric is less than two-thirds of the weight of the coated or impregnated fabric:

- (a) The textile fabric being wholly or in part of man-made fibres or filaments or of glass fibres or filaments

25 p.c.      30 p.c.      50 p.c.

- (b) The textile fabric not being wholly or in part of man-made fibres or filaments or of glass fibres or filaments

$17\frac{1}{2}$  p.c.       $22\frac{1}{2}$  p.c.      40 p.c.

If the weight of the textile fabric is two-thirds or more of the weight of the coated or impregnated fabric, the coated or impregnated fabric shall not be dutiable under this item but shall be dutiable as though it were not coated or impregnated, unless more specifically provided for elsewhere.

At the present time coated or impregnated fabrics are provided for in seven tariff items depending upon the fibre of which the textile fabric is composed. Under the existing Customs administration there are, however, a number of impregnations which do not cause a fabric to be classified as a coated or impregnated fabric, for example impregnation to render it shrink proof or crease resistant. The additional weight of the material added by impregnation in these cases is usually not great. There are other coatings or impregnations which usually add somewhat more weight, such as a spray coating of latex on the back of a fabric to prevent the threads from unravelling or impregnation with a fungicide. For tariff purposes these usually lose their identity as woven fabrics and are classified as coated or impregnated fabrics. Finally, there is that group of coated or impregnated fabrics where the coating or impregnation is usually applied by calendering, spread coating or laminating and is quite apparent.

Both the Primary Textiles Institute and the Coated Fabrics Industry agreed that for the most part in producing normal finishes the textile industry adds significantly less than one-third of the weight of the finished fabric to the untreated fabric and, on the other hand, that in those coated fabrics produced by the Coated Fabrics Industry the weight of the coating material usually is significantly greater than one-third of the weight of the coated fabric. This division is not exact but most of the products of the textile industry fall well on one side of the dividing line while most of the products of the Coated Fabrics Industry fall well on the other side.

The Board's recommended item with two subdivisions would replace the provisions of seven existing items or parts of items. Only those coated or impregnated fabrics in which the weight of the material added to the textile fabric is one-third or more of the weight of the coated or impregnated fabric would fall under this item. If the textile fabric contains any man-made or glass fibres or filaments, the coated or impregnated fabric would fall in part (a); otherwise the coated or impregnated fabric would fall in part (b).

If the weight of the material added to the primary fabric is less than one-third of the weight of the coated or impregnated fabric it is intended that the coated or impregnated fabric should be classified as though it were not coated or impregnated. For example, if the primary fabric is a knitted fabric it would be dutiable under item 568; if it is a woven fabric wholly or in part of man-made fibres or filaments, or of glass fibres or filaments, it would fall under item 562a; if it is a woven cotton fabric it would fall under the appropriate part of item 522.

On nearly all the fabrics falling under recommended item II there would be a reduction in duties.

As to those coated or impregnated fabrics which under the Board's recommendation would be classified as though they were not coated or impregnated, there would be an increase in

duties on some, principally on those containing man-made or glass fibres or filaments; on balance, there would be some net increase.

Total imports under the seven existing items covering coated or impregnated fabrics have been approximately \$11,000,000 annually. Of these it is estimated that about \$2,500,000 consist of fabrics in which the weight of the textile fabric is less than two-thirds of the weight of the coated or impregnated fabric. Thus under the Board's proposal, approximately \$8,500,000 worth of coated or impregnated fabrics now imported under the coated or impregnated fabric items would fall under the relevant fabric or textile product items depending on whether the textile fabric is woven, knitted or bonded and on the nature of the textile component.

### Recommended Item III

- III Woven fabrics of vegetable fibres, coated or impregnated, imported for use as "brattice cloth" in underground mining operations

Free                      10 p.c.                      12½ p.c.

This item would continue the provisions of item 54lc with a minor change in the wording and no change in the rates of duty.

In recent years imports of brattice cloth have amounted to about \$40,000, nearly all from the United Kingdom. Brattice cloth is used as screening and in ventilation ducts in mines, principally coal mines. The Dominion Steel and Coal Corporation urged that the present tariff item be continued unchanged. Apparently this material is not made in Canada; neither the Coated Fabrics Industry nor the Primary Textiles Institute raised any serious objection to the continuation of the present item.

### Recommended Item IV

- IV Canvas in the web, wholly of flax or hemp, or both, plain woven, coloured or not, treated with weather-proofing or preservative materials, weighing more than 6 ounces per square yard, when the weight of the untreated fabric is two-thirds or more of the weight of the treated fabric

17½ p.c.                      22½ p.c.                      40 p.c.

This item provides for the linen canvas now classified under item 54ld and also for some which is now classified under item 548. Otherwise under the note to item II, this canvas would all be entered under item VIII (b) recommended in

the Board's Report on Miscellaneous Textiles free of duty under the British Preferential Tariff and dutiable at  $22\frac{1}{2}$  p.c. under the Most-Favoured-Nation Tariff.

The Board is of the opinion that the fabrics which would fall under item VIII (b) as recommended in the Board's Report on Miscellaneous Textiles do not, for the most part, compete with fabrics which are produced in Canada. However, treated linen canvas is competitive with impregnated cotton duck; both are used in the manufacture of tarpaulins, tents, awnings, hatch covers and similar articles. The Board is recommending, therefore, that treated linen canvas should carry the same rates of duty as impregnated cotton duck.



Notes on Existing ItemsExisting Item 536

536 Batts, batting and wadding of wool, cotton or other fibre,  
n.o.p.

12½ p.c.      20 p.c.      25 p.c.

Imports under this item would fall under recommended item I at 10 p.c. British preferential and 17½ p.c. most-favoured-nation, a reduction of 2½ p.c. in both rates. Imports have been almost entirely from the United States and in recent years have amounted to something more than \$500,000 annually. See note on recommended item I.

Existing Item 538d

538d Fabrics wholly of cotton, coated or impregnated, n.o.p.

20 p.c.      25 p.c.      35 p.c.  
and, per pound      4 cts.

Coated woven fabrics now imported under this item would fall either under recommended item II (b) or under existing item 522 depending upon the relative weights of the primary fabric and the coated fabric.

In the case of the heavily coated fabrics, the rates of duty would be 17½ p.c. under the British Preferential Tariff and 22½ p.c. under the Most-Favoured-Nation Tariff — a reduction of 2½ p.c. under both Tariffs. It appears that, at present, the fabrics used by the Coated Fabrics Industry are, for the most part, woven fabrics, wholly of cotton, bleached, mercerized or coloured. Such fabrics are dutiable under tariff items 522(2) or 522(3) at 17½ p.c. British preferential and 22½ p.c. most-favoured-nation. Accordingly, if the Board's recommendations are adopted, under these two Tariffs, the rates of duty on such fabrics, whether heavily coated or lightly coated, would be the same.

In the case of the lightly coated fabrics the rates of duty would be reduced or would remain unchanged.

Coated knitted fabrics would be classified under either recommended item II (b) or existing item 568 in accordance with the weight criterion. On those which would fall in recommended item II (b) the rates of duty would be reduced by 2½ p.c. under both the British Preferential and the Most-Favoured-Nation Tariffs; on those which would fall under existing item 568, rates would be unchanged under the British Preferential Tariff and increased to 35 p.c. under the Most-Favoured-Nation Tariff. In its Report on Hosiery and Knitted

Goods, the Board recommended that the latter rate be reduced to  $32\frac{1}{2}$  p.c. It is not believed that there would be any considerable quantity of knitted fabrics so lightly coated that they would fall under item 568.

Total imports under item 538d have been in excess of \$5,000,000 annually.

Existing Item 538i(1)

538i Fabrics, coated or impregnated, n.o.p.:

(1) Composed wholly or in part of silk

$27\frac{1}{2}$  p.c.      30 p.c.      45 p.c.

Imports under this item have been almost all from the United States and have rarely exceeded \$50,000 per year.

Under the Board's proposal most of them would fall under recommended item II (b) at rates of  $17\frac{1}{2}$  p.c. British preferential and  $22\frac{1}{2}$  p.c. most-favoured-nation, a reduction of 10 p.c. in the British preferential rate and  $7\frac{1}{2}$  p.c. in the most-favoured-nation rate. Should any of the imports under this item contain woven fabrics to the extent of two-thirds or more of the weight of the coated or impregnated fabric, then under the terms of the note to recommended item II, they would fall under item 552a or item 552b, both of which carry a British preferential rate of  $12\frac{1}{2}$  p.c. and a most-favoured-nation rate of  $22\frac{1}{2}$  p.c.; should they be made from a knitted fabric in which the weight of the fabric is two-thirds or more of the weight of the coated or impregnated fabric, under the terms of the note they would fall under item 568 which carries a British preferential rate of 20 p.c. and a most-favoured-nation rate of 35 p.c. which the Board has recommended be reduced to  $32\frac{1}{2}$  p.c. in its Report on Hosiery and Knitted Goods.

Existing Item 538i(2)

538i Fabrics, coated or impregnated, n.o.p.:

(2) Composed wholly or in part of synthetic textile fibres or filaments, but not containing silk

30 p.c.      35 p.c.      50 p.c.

In recent years imports under this item have been valued at more than \$4,000,000 annually, of which about \$500,000 came from Belgium and almost all the rest from the United States.



It is estimated that somewhat more than \$500,000 of these imports consist of coated or impregnated fabrics in which the weight of the textile fabric is less than two-thirds of the weight of the coated or impregnated fabric and these imports would fall under the Board's recommended item II (a) at a British preferential rate of 25 p.c. and a most-favoured-nation rate of 30 p.c., a reduction of 5 p.c. in both cases.

The balance of the imports amount to more than \$3,000,000 annually; according to the terms of the note to recommended item II they would be dutiable under item 562a at 22½ p.c. British preferential and at 30 p.c. plus 20 cts. per pound most-favoured-nation. It is not believed that any significant volume of knitted fabrics is imported under item 538i(2) in which the weight of the knitted fabric is two-thirds or more of the weight of the coated or impregnated fabric.

Existing Item 54lc

54lc Woven fabrics of vegetable fibres, coated or impregnated, imported for use exclusively as "brattice cloth" in underground mining operations

Free	10 p.c.	12½ p.c.
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The Board recommends the continuation of this item with a minor change in wording and no change in rates of duty. See notes on recommended item III.

Imports under this item have fluctuated considerably from year to year. They have come almost entirely from the United Kingdom and in 1959 imports from that country were valued at \$38,000.

Existing Item 54ld

54ld Canvas in the web, wholly of flax or hemp, or both, plain woven, not coloured, not further manufactured than impregnated with weather-proofing or preservative materials, suitable for manufacturing into tents, awnings, tarpaulins, hatch covers and similar articles, weighing not less than 18 ounces and not more than 26 ounces per sq. yard

	15 p.c.	25 p.c.	35 p.c.
and, per pound		3½ cts.	4 cts.

The average annual value of imports under this item has been about \$40,000 in recent years, almost all from the United Kingdom. Under the Board's recommendation they would fall under recommended item IV, at rates of 17½ p.c. British preferential and 22½ p.c. most-favoured-nation. Taking into

account the discount for direct shipment, this represents an increase of  $\frac{3}{4}$  p.c. in the British preferential rate; on the other hand, recommended item IV will also cover such canvas when coloured and on these imports, which are now dutiable at 25 p.c. under item 548, the recommended rate would result in a reduction in the British Preferential Tariff of  $9\frac{1}{4}$  p.c., again taking into account the discount for direct shipment.

Existing Items 546 and 546a

546 ... fabrics wholly of jute, coated or impregnated, ....

12 $\frac{1}{2}$  p.c.      22 $\frac{1}{2}$  p.c.      30 p.c.

546a Woven jute fabric, impregnated, imported in lengths not more than three feet each

Free              5 p.c.              15 p.c.

Imports under these items are reported together in statistical class 3478. Judging from the amount of duty collected almost all such imports have come under item 546. In 1959, total imports were reported at \$67,000 of which \$65,000 came from the United States.

Under the Board's proposal imports under these items, if heavily coated, would fall under recommended item II (b) at the same most-favoured-nation rate as now applies under item 546, namely, 22 $\frac{1}{2}$  p.c., and at 17 $\frac{1}{2}$  p.c. British preferential as compared with the existing British preferential rate under item 546 of 12 $\frac{1}{2}$  p.c. If woven and lightly coated they would fall under existing item 541, 541a or 541b; the Board has recommended that the woven fabrics from these three items be classified in one item, item VI of the Report on Miscellaneous Textiles, with rates of free under the British Preferential Tariff and 5 cents per 100 lineal yards under the Most-Favoured-Nation Tariff. Lightly coated fabrics, which are not woven, if there are any, would become dutiable under various other items according to their construction.

Existing Item 548

548 ... fabrics coated or impregnated, composed wholly or in part of vegetable fibres but not containing silk, synthetic textile fibres or filaments, nor wool, n.o.p.

25 p.c.              25 p.c.              35 p.c.  
and, per pound                              4 cts.

In the years preceding 1959, imports under this part of item 548 had been increasing; in 1958 they amounted to \$792,000 but declined to \$646,000 in 1959.

Under the Board's recommendation such imports would fall under recommended item II (b) at  $17\frac{1}{2}$  p.c. British preferential and  $22\frac{1}{2}$  p.c. most-favoured-nation, if heavily coated. If woven and lightly coated, they would be dutiable under item 542 at rates of  $17\frac{1}{2}$  p.c. British preferential and 20 p.c. most-favoured-nation. In the Board's Report on Miscellaneous Textiles, it was recommended that item 542 be deleted. Recommended item II of that Report, with rates of  $17\frac{1}{2}$  p.c. British preferential and  $22\frac{1}{2}$  p.c. most-favoured-nation, is intended to replace item 542. Accordingly, if these two recommendations are adopted, the heavily coated and the lightly coated woven fabrics will be dutiable at the same rates.

Coated or impregnated knitted fabrics would be classified either under recommended item II (b) or under existing item 568 in accordance with the weight criterion. Under recommended item II (b) they would become dutiable at  $17\frac{1}{2}$  p.c. British preferential and  $22\frac{1}{2}$  p.c. most-favoured-nation; under item 568 they would be dutiable at 20 p.c. British preferential and 35 p.c. most-favoured-nation. In its Report on Hosiery and Knitted Goods, the Board has recommended that the latter rate be reduced to  $32\frac{1}{2}$  p.c.

Some impregnated canvas wholly of flax or hemp is now dutiable under item 548. Under the Board's recommendation, part of this canvas would fall under recommended item IV and the rest under recommended item II, at  $17\frac{1}{2}$  p.c. British preferential, in both cases, a reduction of  $9\frac{1}{4}$  p.c. after giving effect to the discount for direct shipment, and at  $22\frac{1}{2}$  p.c. most-favoured-nation, a reduction of  $2\frac{1}{2}$  p.c.

Other coated or impregnated fabrics now classified under item 548, where the textile fabric is wholly of flax or hemp and in which the weight of the textile fabric is two-thirds or more of the weight of the coated or impregnated fabric, under the terms of the note to recommended item II, would fall under item 540(a) at free British preferential and  $22\frac{1}{2}$  p.c. and 3 cts. per pound most-favoured-nation. In its Report on Miscellaneous Textiles the Board has recommended that the most-favoured-nation rate on such fabrics be reduced to  $22\frac{1}{2}$  p.c.

#### Existing Item 555

555 ... fabrics, coated or impregnated, composed wholly or in part of yarns of wool or hair, but not containing silk nor synthetic textile fibres or filaments, n.o.p.

	25 p.c.	$27\frac{1}{2}$ p.c.	40 p.c.
and, per pound			35 cts.

Imports under this part of item 555 are combined with imports under item 556 in statistical class 3483 but judging by the duties collected, almost all the imports reported entered

under item 555. In recent years West Germany has been the major supplier accounting for about fifty per cent of total imports of \$121,000 in 1959 and \$155,000 in 1958. Under the Board's recommendation such imports would become dutiable under recommended item II (b) at  $17\frac{1}{2}$  p.c. British preferential and  $22\frac{1}{2}$  p.c. most-favoured-nation if heavily coated; if lightly coated they would fall under item 532a, 532b or 532c depending upon the weight per square yard.











Canada Tariff Board



CANADA



*Report by*  
**THE TARIFF BOARD**

*Relative to the Investigation ordered  
by the Minister of Finance  
respecting*

**FLUORSPAR**

•

**Reference No. 126**





*Report by*  
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***Reference No. 126***

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1958

Price 50 cents.

Cat. No. FT4—126



# THE TARIFF BOARD

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Ottawa,  
September 10, 1958

The Honourable,  
The Minister of Finance,  
Ottawa.


Reference No. 126

Dear Mr. Minister:

In accordance with your direction to the Tariff Board to conduct an inquiry respecting the tariff treatment of Fluorspar,

I have the honour to transmit herewith for tabling in Parliament under the provisions of Section 6 of the Tariff Board Act, the Report of this Board in connection with the aforesaid Reference, in English and in French. A copy of the transcript of the evidence presented at the public hearing accompanies this Report.

Yours faithfully,

  
~~Chairman~~

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# THE TARIFF BOARD

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Reference No. 126

## An Inquiry into the Production, Consumption, Marketing, Imports and Exports of all Grades of Fluorspar

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The letter from the Minister of Finance, dated September 24, 1957, directing the Tariff Board to conduct the inquiry which is the subject of this Report, was as follows:

I have received representations to the effect that fluorspar is being imported into Canada in such quantities and under such conditions as to cause serious injury to Canadian production and employment. Until recently a section of the fluorspar industry has been supported by sales abroad for stockpiling purposes. These sales have now ceased.

I, therefore, direct the Tariff Board to make a study and report under Section 4(2) of the Tariff Board Act on tariff item 296 insofar as it relates to fluorspar. It is my intention that the Board should include in its report information regarding the production, consumption, marketing, imports and exports of all grades of fluorspar, and the effects on Canadian producers and consumers of the Canadian tariff on fluorspar.

If the Board's study should indicate that amendments to the tariff are desirable, I would request the Board to prepare and include in its report a revision of the tariff on fluorspar with recommendations as to rates of duty.

---

Tariff item 296, to which the Minister refers in his letter, provides as follows for free entry of fluorspar into Canada:

Flint, ground flintstone; feldspar, crude only; fluorspar; mica schist; cliff, chalk, china or Cornwall stone, ground or unground, refuse stone, not sawn, hammered or chiselled nor fit for flagstone, building stone or paving	Free	Free	Free
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This item has provided for the duty free entry of fluorspar over a period of many years.

### Public Sitzings:

Public sittings of the Board under this Reference were held at Ottawa on May 6 and 7, 1958.

A transcript of the proceedings at the public sittings has been forwarded for the Table of Parliament.

Apart from evidence or information put on record at the public sittings, the Board requested and secured a considerable amount of information from interested parties. Such information has been studied and utilized in the preparation of this report.

Information was presented to the Board, either verbally at the public sittings, or through the submission of written representations, by the following interested parties:

1. St. Lawrence Corporation of Newfoundland, Limited, New York, N.Y.
2. Huntingdon Fluorspar Mines Limited, Madoc, Ont.
3. G. K. Goundrey, Economist, Province of Newfoundland.
4. Empresa Fluorspar Mines Limited, Toronto, Ont.
5. The British Fluorspar Producers Development & Research Association, Sheffield, England.
6. Dominion Glass Company Limited, Montreal, P.Q.
7. Algoma Steel Corporation Limited, Sault Ste. Marie, Ont.
8. Atlas Steels Limited, Welland, Ont.
9. The Steel Company of Canada, Limited, Hamilton, Ont.
10. Aluminum Company of Canada, Limited, Montreal, P.Q.
11. Nichols Chemical Co., Limited, Montreal, P.Q.

The first two firms on the above list proposed that existing duty-free entry of fluorspar be replaced by a duty of \$10.00 per ton. These companies stated that they had found it increasingly difficult to compete with imports of fluorspar, and that without a duty of \$10.00 they could not operate profitably.

Opposition to the proposed upward revision of the tariff came from the chief Canadian users of fluorspar and from suppliers abroad. Certain users of metallurgical grade fluorspar stated that the Canadian producers were not able to supply fluorspar of the specifications required for their needs; further, that certain of these producers had shown little interest in developing a domestic market for fluorspar and, indeed, were ready to supply fluorspar from abroad. As a result of lack of domestic supply, Canadian users of metallurgical grade fluorspar said they had been compelled to import. All users who appeared before the Board, whether supplied from domestic or import sources, contended that the imposition of a \$10.00 duty would increase the costs of production of their products; most of these industries are themselves experiencing keen competition in either domestic or export markets.



## PART I

### FLUORSPAR AND ITS USES

Fluorspar derives its name from its use in metallurgical operations as a flux. It is a non-metallic mineral, being the native fluoride of calcium also called fluorite or fluo ( $\text{CaF}_2$ ). In appearance, it is a well developed crystal having a bright vitreous lustre, and displaying an extensive range of colour varying from pure white to various shades of purple, green, yellow and pink. Chemically, fluorspar is a compound: 51.1 p.c. calcium and 48.9 p.c. fluorine.

Fluorspar is found in cavities in granite rocks; in veins of tin-ore; occasionally as cementing material in sandstone; and most abundantly as an associate of lead-ore in veins traversing limestone.

Fluorspar, as extracted from the ground, is known as run-of-mine ore. Depending on the nature of the deposit, run-of-mine fluorspar varies greatly in the proportion of calcium fluoride to impurities. It is understood that certain deposits of fluorspar contain a sufficiently high calcium fluoride content to allow the ore to be marketed without further processing, except washing and crushing. More frequently, however, the run-of-mine ore has to be milled to separate the fluorspar from the gangue materials (other minerals and impurities) with which it is associated in the deposit. Minerals commonly found in fluorspar include barytes, limestone, calcite, zinc-blende, galena, and quartz.

#### Mining and Milling:

Both open-cut and underground operations are employed in the mining of fluorspar. The principal deposits of this mineral so far discovered in Canada do not, however, lend themselves to open-cut mining. In Canada, underground mining is used by the principal producers. For illustrative purposes, a description of the mining procedure used at the Director mine of Newfoundland Fluorspar, Limited, as published by the Department of Mines and Technical Surveys, Ottawa, follows:

"Three shafts have been sunk along the vein, and levels have been opened at 150, 250, and 400 feet below the surface. The Main shaft (Number 2) through which the entire production is hoisted to the surface, is collared at an elevation of about 130 feet above sea-level; it is a 3-compartment, 420-foot vertical shaft sunk in the granite hangingwall. Number 3 shaft, a 2-compartment vertical shaft of about the same depth, is sunk on the vein about 2,600 feet southeast of the Main shaft; it is connected with the Main shaft along the 250- and 400-foot levels. Number 1 shaft, an inclined, single-compartment shaft about 280 feet deep, is sunk on the vein about 270 feet southeast of the Main shaft. The overall

length of the underground workings is approximately 6,200 feet.

"Drifts are usually driven on the footwall although they are sometimes taken the full width of the vein. Standard drift grade is set at half of one per cent, but actual grades average slightly over one per cent. Cross-cuts are driven at 100-foot intervals into both walls as long as there are signs of mineralization. Raises are driven from level to level as the drifts advance and as they are required for stope preparation or ventilation; they are either inclined or vertical, depending on their use. Mucking is done by mechanical loaders and tramming by storage battery locomotives. At the Main shaft, the ore is delivered to the station in 20-cu. ft. cars which are hoisted to surface bins."

At one time the only processes used in the preparation of the hoisted fluorspar ore for the market were those of washing, screening and picking. The separation of calcium fluoride from other components of run-of-mine ore was done by hand sorting, by log washing, or by wet milling with jigs and tables. Over the past 30 years, milling methods used to remove impurities from fluorspar ores have changed greatly. Selective froth flotation was introduced; also the development, during the 1940's, of the heavy-media (or sink-and-float) process brought further improvements.

The flotation process involves stirring up the finely crushed ore in a mixture consisting of water and certain other substances having qualities which assist fluorspar particles in rising to the surface. A froth is produced when this combination is violently agitated, or has air blown through it; the froth carries with it to the surface of the water the fine particles of mineral, leaving the particles of gangue at the bottom. In this way it is possible to remove and to concentrate the mineral values out of the run-of-mine ore, the operation being both rapid and inexpensive.

The heavy media separation, or sink-and-float process, is based on the fact that the specific gravity of fluorspar is higher than that of gangue materials. To achieve separation, coarse ore is fed into a container filled with a mixture (heavy-medium) whose specific gravity is just sufficiently high that the fluorspar sinks in it, and the impurities float.

The milling operations at the Newfoundland plant of the St. Lawrence Corporation of Newfoundland are described by the same Department as hereunder:

"The ore is first dumped onto a steel apron for sorting-out of the coarse granitic waste, then shovelled over a 6-inch grizzly onto the 200-ton coarse-ore bin. This bin feeds to a picking belt where a small quantity of clean waste, utilized as concrete aggregate and road material, is removed; sometimes high-grade lump fluorspar is also removed at the picking belt and trucked direct to the wharf for shipment. From the picking belt the ore passes through a jaw crusher where it is reduced to minus 2-inch, and thence by belt conveyor (and gravity split, if both flotation and heavy-media units are operating) to one of two compartments in the 300-ton fine-ore bin.

"From the fine-ore bin, the 'fine' ore moves to the flotation plant where, after fine-grinding and conditioning, it is concentrated by flotation, using 15 Denver Sub-A and 3 Weining Sub-A flotation cells. The classifier overflow averages around 50 per cent minus 200-mesh and 100 per cent minus 60-mesh. The flotation reagents used are: soda ash, which is added to the ball mill, and sodium metasilicate, quebracho, and oleic acid (and sometimes B-25 frother), which are added to the conditioner and to the cells. The concentrates are cleaned and re-cleaned three times. After thickening and filtering, a filter cake containing approximately 8 per cent moisture is conveyed to the storage bins and thence trucked to covered storage on the wharf.

"From the fine-ore bin, the 'coarse' ore (resulting from the gravity split) moves to the heavy-media separation plant. The ore is fed by belt conveyors and bucket elevator to a double deck vibrating screen containing  $1\frac{1}{2}$ -inch and 5-mesh screens. The minus 5-mesh material flows to a dewatering spiral, which discharges the sand directly into an ore bin; the plus  $1\frac{1}{2}$ -inch material is reduced to minus 1-inch in a gyratory crusher, which operates in closed circuit with the vibrating screen; and the plus 5-mesh minus  $1\frac{1}{2}$ -inch material flows to the 6- by 10-foot double drum (dual gravity) separator of the heavy-media unit. This unit has a rated capacity of 40 tons per hour, and employs a mixture of ferro-silicon and water as media. The two drums are connected internally in series, and employ separate gravities, thereby yielding a middlings product which, depending on markets, is either shipped direct or recrushed for further beneficiation. The concentrates (sink), middlings (sink), and tailings (float) discharge to a triple section vibrating drain and wash screen. From this point the concentrates and middlings are conveyed to storage bins, and tailings to waste disposal outside the mill."

### Deposits:

Deposits of various grades are found throughout the world, but only about half a dozen countries actually produce fluorspar in significant quantities. Canada, the United States, Western Germany, Mexico and Italy produce each more than 100,000 tons per year (Table 1). Combined production of these countries represented in 1956 two-thirds of the estimated world output. The Soviet Union is known to possess sizeable fluorspar deposits; its 1956 output has been estimated at 110,000 tons.

In Canada, the most important fluorspar deposits are located at St. Lawrence, Newfoundland. This area supplies more than 90 p.c. of Canada's total output (Table 2). Prior to the entry of Newfoundland into Confederation, Canada did not rank among the world's principal producers; in fact, prior to that year, more than 80 p.c. of Canadian requirements were imported.

The only significant deposit on the Canadian mainland is in the Madoc area, Hastings County, Ontario, where intermittent mining has been carried on since 1905. Other Canadian deposits are located in Ross Township, Renfrew County, Ontario; in Huddersfield Township, Pontiac County, Quebec; in the Lake Ainslie District, Cape Breton



Island, Nova Scotia; and at the Rock Candy mine of the Consolidated Mining and Smelting Company of Canada Ltd. near Grand Forks, British Columbia. With one exception, none of these deposits has been commercially exploited since 1929. Shipments of about 1,500 tons were made from two properties in the Lake Ainslie District of Nova Scotia, between 1941 and 1943.

### Commercial Grades:

For commercial purposes, fluorspar is classified into three market grades: acid, metallurgical, and ceramic. The grades are determined by (1) calcium fluoride content; (2) types of impurities present in the ore; (3) the physical form in which the fluorspar is offered on the market (whether in lumps or fine particles). Specifications for these three grades vary widely from country to country and many users establish their own specifications. In broad terms, however, specifications may be summarized as follows:

acid grade - minimum content of 97 p.c. calcium fluoride and a maximum of one p.c. silica;

ceramic grade - specifications range between 94 and 97 p.c. calcium fluoride, with a maximum silica content of  $2\frac{1}{2}$  p.c.;

metallurgical grade - metallurgical fluorspar is graded on the basis of "effective units" of calcium fluoride content. These are determined by subtracting from the percentage of calcium fluoride content  $2\frac{1}{2}$  times the percentage of silica content, a formula based on the assumption that it requires  $2\frac{1}{2}$  percentage points of calcium fluoride content to compensate for each one percentage point of silica.

Prior to World War II, 70 to  $72\frac{1}{2}$  effective units of calcium fluoride content were as a general rule specified by consumers, but during the wartime period standards were lowered due to shortages. In recent years, Canadian consumers of metallurgical fluorspar have been specifying a higher number of effective units of  $\text{CaF}_2$ , and at the present time a grade of 80 effective units is commonly demanded. In addition, some users specify the maximum permissible content of undesirable elements such as silica, calcium carbonate, sulphur and lead.

Apart from the chemical composition of fluorspar, there are also certain standards regarding the physical form in which the various grades are delivered to the consumer. In metallurgical grade fluorspar, the "fines" content is usually limited (10 to 15 p.c.) and the bulk of the material must be in either gravel or lump form, with sometimes a limit on the size of the individual lumps. Acid and ceramic grades are marketed in the form of a dry powder.

### Uses:

The three grades - acid, ceramic and metallurgical - in which fluorspar reaches the market are indicative of its principal uses.

The bulk of Acid Grade fluorspar is used in the production of hydrofluoric acid (HF) by the aluminum industry. This industry uses hydrofluoric acid almost entirely in the manufacture of aluminum fluoride and sodium aluminum fluoride (synthetic cryolite), these latter

products being used together as a flux in the electrolytic production of aluminum. On the average, about 120 pounds of acid grade fluorspar are required to produce one ton of aluminum.

The chemical industry uses small but increasing quantities of acid grade fluorspar in the production of hydrofluoric acid as a base of fluorine compounds. At least seventy-five different fluorine compounds are currently on the market in Canada, in such diverse applications as insecticides, wood-preservatives, tooth-decay preventatives, welding fluxes, synthetic optical crystals, and antiseptics. Because of their energy potential, fluorine compounds are being considered as rocket propellants. Hydrofluoric acid is used also in high-octane aviation fuels and in the manufacture of fluorocarbons (refrigerating agents and propellants of aerosols for insecticides, hair lacquer, shaving cream and other products).

Ceramic grade fluorspar, as its name suggests, is used by the ceramic industry as a fluxing and opacifying ingredient in glass and enamels. More particularly, it is used in the manufacture of opal, opaque, and coloured glass, and to make enamels for coating metalware, metal, and ceramic tiles. As a flux it is used in the manufacture of portland cement, mineral wool, artificial abrasives, basic refractory cements and bricks, calcium carbide and cyanamide.

Metallurgical grade is used as a flux in the production of steel; it is charged in the furnace to facilitate the fusion of the slag and to aid in removing impurities. In discussing the use of fluorspar for this purpose, an expert witness representing one of the Canadian steel producers said:

"I am interested metallurgically in the highest possible content of calcium fluoride in fluorspar, with as few detrimental elements — sulphur, silica --- lead, zinc; anything like that. We do not want them in our furnaces. We are just interested in one thing in fluorspar, and that is the calcium fluoride. ... I would think without the use of calcium fluoride in a heat of steel you could waste, under certain circumstances, up to half an hour or three quarters of an hour in the production of a heat of steel.... ...The purpose /of using fluorspar/ is to remove impurities from the steel: silicon, sulphur, phosphorus.... Effective units means that the job is done faster the higher the number of units. Calcium fluoride is your active element in the fluorspar to dissolve the lime into the slag. High silica is adding to the slag; high silica in the fluorspar would be adding to the slag a material which you are trying to take out of the steel, and you are getting opposition to taking the silicon out of the steel if you are adding it to the slag. ...if you add undesirable elements along with the calcium fluoride into the slag you could require the addition of more lime..."

As part of their program of reducing the time required to produce a heat of steel and of improving steel metallurgy generally, steel producers have been attempting to increase the efficiency of fluorspar as a flux and more and more are requesting fluorspar with fewer undesirable qualities. An indication of these efforts is given by the following table, which illustrates the increasingly rigid specifications established by Atlas Steels, Limited —

Atlas Steels Ltd. : Specifications for  
Metallurgical Fluorspar, 1953-1958

<u>Year</u>	<u>Number of Effective Units of CaF<sub>2</sub> number</u>	<u>Minimum Calcium Fluoride p.c.</u>	<u>Maximum Total Silica p.c.</u>	<u>Maximum Calcium Carbonate p.c.</u>	<u>Maximum Total Sulphur p.c.</u>	<u>Maximum Lead, Tin and Other p.c.</u>
1953	70-72 $\frac{1}{2}$	80-85	4-5	5-8	.05	Nil to trace
1955	75-77 $\frac{1}{2}$	85-90	4-5	5-8	.05	Nil to trace
1956	77 $\frac{1}{2}$ -80	85	2-3	5	.05	Nil to trace
1957	82 $\frac{1}{2}$	85-90	1-3	5	.05	Nil to trace
1958	—	Same as during 1957		--	—	--



## PART II

### CANADIAN CONSUMPTION

During the ten years from 1947 to 1956, the annual Canadian consumption of all grades of fluorspar increased very considerably, from 41,000 tons in 1947 to 96,000 tons in 1956 (Table 3). Practically all of this increase has been due to greater use of acid grade fluorspar; the use of metallurgical fluorspar has remained relatively stable. Despite increased steel production, consumption of metallurgical fluorspar has decreased from 45 p.c. of the total in 1947 to only 20 p.c. in 1956, while the share of the market held by acid grade has increased from 52 p.c. in 1947 to 79 p.c. in 1956. Consumption of ceramic grade still represents only a very small portion of total Canadian consumption.

The principal causes of the marked shift in the pattern of consumption can be readily discerned. Rapid growth of Canada's aluminum industry accounts for most of the increasing use of acid grade fluorspar. On the other hand, improvements in steel metallurgy and more effective use of fluorspar in steel making have diminished the consumption of metallurgical fluorspar, from an average of 13 pounds per ton of steel in 1951 to only about seven pounds per ton in 1956 (Table 4).

#### Principal Consumers:

The Aluminum Company of Canada, Ltd., is by far the largest single consumer of fluorspar in Canada and nearly all the acid grade fluorspar it consumes is supplied by its subsidiary, Newfoundland Fluorspar, Ltd.

Since August, 1957, a liquid hydrofluoric acid plant has been operated by the Nichols Chemical Company, Limited at Valleyfield, Quebec. It uses a very small amount of acid grade fluorspar, obtained at present through an affiliated company in the United States, the Allied Chemical and Dye Corporation.

There are five large consumers of metallurgical grade fluorspar, four of which are located in Ontario and one in Nova Scotia: Algoma Steel Corporation, Limited, Sault Ste. Marie, Ontario; Atlas Steels, Limited, Welland, Ontario; Dominion Foundries and Steel, Limited, Hamilton, Ontario; Dominion Steel and Coal Corporation, Limited, Sydney, Nova Scotia; and the Steel Company of Canada, Limited, Hamilton, Ontario. In the period 1954 - 1956, these five basic steel producers consumed annually on the average a total of about 18,000 tons of metallurgical grade. None of the steel companies controls its own source of supply of metallurgical and the industry's requirements have to be obtained on the open market in Canada or from abroad.

Consumption of ceramic fluorspar has in recent years averaged about 700 tons a year. It appears that none of the Canadian producers

can, at present, meet the high specifications required by the Dominion Glass Co. (97 p.c. calcium fluoride, with a ferric oxide content of about 0.021 p.c.) As a result, all ceramic requirements have been imported.

Substitutes:

The Board understands that there are no substitutes for acid grade fluorspar as a source of hydrofluoric acid, as there is no substitute for hydrofluoric acid in its application by the aluminum industry in the production of aluminum fluoride and synthetic cryolite.

Several materials, such as antimony, zirconium, titanium, cerium oxides, and silicates, may at times be used as substitutes for ceramic fluorspar in the manufacture of opaque glass and porcelain enamels, but these materials are generally more costly than fluorspar.

Other potential substitute materials are being developed and tested in the United States and elsewhere but it is too early to say whether a substitute can be found that would be generally acceptable to the steel industry.

### PART III

#### SOURCES OF SUPPLY

It has been stated previously that, prior to 1949, when Newfoundland entered Confederation, Canada imported the greater part of its fluorspar requirements. During World War II, Newfoundland became the chief source of supply and remains so today (Tables 5 and 6). In other words domestic mines supply almost 80 p.c. of total Canadian fluorspar requirements. That such a high proportion is supplied from domestic production stems from the fact that the largest user of fluorspar, the Aluminum Company of Canada, is also the largest producer (through its subsidiary Newfoundland Fluorspar Limited). Since approximately 80 p.c. of the market is already in the hands of domestic suppliers, the request for a duty can relate only to the remaining 20 p.c., at present supplied by imports.

#### Producers of Metallurgical Grade:

There are three firms in Canada with facilities for the mining and milling of fluorspar in Canada. They are:

Newfoundland Fluorspar, Limited, St. Lawrence, Newfoundland, a subsidiary of the Aluminum Company of Canada, Montreal, Canada. St. Lawrence Corporation of Newfoundland, Limited, St. Lawrence, Newfoundland, owned and controlled by interests in the United States.

Huntingdon Fluorspar Mines, Limited, Madoc, Ontario, owned and operated by local interests.

Newfoundland Fluorspar Limited began shipping in the spring of 1942. Production is from the Director mine,  $1\frac{1}{2}$  miles west of St. Lawrence. The vein is over 6,000 feet long and varies from one foot to 70 feet in width; it has a calcium fluoride content of 50 to 80 p.c. The Director vein is up to the present the most important deposit located in the St. Lawrence area.\*

At first, ore was treated only by washing, screening, hand-sorting, and crushing. Mill feed ran between 65 and 70 p.c. calcium fluoride. The output, containing 70 to 80 p.c. calcium fluoride, was shipped to Arvida, Quebec, where it was concentrated by flotation. Late in 1950, a heavy-media separation plant with a rated capacity of 30 tons per hour was installed at the Director mine. It began operating in January, 1951, and the product, averaging 70 to 80 p.c. calcium fluoride is shipped to Arvida for further treatment. If desired, beneficiation in the heavy-media plant can be carried to yield 85 to 90 p.c. calcium fluoride content, for sale to the steel industry as metallurgical grade. The plant can handle 450 tons of ore per day.

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\*Department of Mines and Technical Surveys, Ottawa,  
The Industrial Minerals of Newfoundland, p. 61.



Over the period from 1949 to 1957, Newfoundland Fluorspar Ltd. produced about three-fifths of total output of fluorspar in Newfoundland (Table 7). Of the 475,000 tons shipped during that period, 450,000 tons, or 95 p.c., went to Arvida, Quebec, there to be converted into aluminum fluoride and sodium aluminum fluoride for use in the aluminum plant of the parent company, the Aluminum Company of Canada, Ltd.

It appears clear from the above that Newfoundland Fluorspar Ltd. was established as a producer of ore for conversion into acid grade fluorspar. This firm was not intended to be a metallurgical producer, although it has produced some types of metallurgical grades from time to time. Newfoundland Fluorspar Limited made no representations respecting the request of the other two firms for the imposition of a duty on imported fluorspar.

St. Lawrence Corporation of Newfoundland, Limited was organized in 1929 under the laws of Newfoundland. Surface mining operations started in March, 1933, ore being shipped to Dominion Steel and Coal Corporation, Limited, at Sydney, Nova Scotia. The company continued to mine until June 1957, when operations were suspended. In 1955, the company mined from four deposits ore having a  $\text{CaF}_2$  content ranging from 30 to 70 p.c., run-of-mine. Mine operations were carried on underground, the usual hardrock mining practices being employed.

This firm's mill contains three complete units: a primary crushing plant; a flotation plant with a capacity of about 20,000 tons of acid grade concentrate a year; and a heavy-media separation plant with a capacity of about 35 tons of mill-feed per hour. The crushing and flotation plants were established in 1943, and the heavy-media plant in October, 1953. In 1956, the heavy-media plant was treating about 400 tons of ore a day and producing a concentrate averaging about 75 p.c. calcium fluoride.

The company owns its own deep-water wharf, with open storage facilities for 8,000 tons of metallurgical fluorspar, and covered storage for 2,000 tons of acid grade fluorspar. In addition, there is an overhead, covered storage-bin for 4,000 tons of acid grade located at the mill.

To satisfy its power requirements, the Company owns and operates a diesel generator plant equipped with three diesel generators. Presence of water in the mines, particularly at lower levels, poses a serious problem and its removal is one of the heaviest items of expense. At one mine, for example, an average of 1,100 gallons of water per minute had to be pumped to the surface; thus pumping accounts for a major portion of all power consumed. This problem is common to St. Lawrence Corporation of Newfoundland and Newfoundland Fluorspar Mines Ltd.

From 1933 to 1939, the St. Lawrence Corporation produced a few thousand tons of fluorspar annually. With the exception of 1939, shipments did not exceed 10,000 tons a year; these were usually of three grades: acid (97 p.c.  $\text{CaF}_2$ ), metallurgical (85 p.c.  $\text{CaF}_2$ ) and cyanamid (93 p.c.  $\text{CaF}_2$ ). During the period of the war, output was increased, largely in metallurgical grade but with some acid grade, to levels ranging from 13,000 to 24,000 tons.

The St. Lawrence Corporation of Newfoundland began - from about 1948 onwards - to devote a greater portion of its output to acid grade for export to the United States. In 1949, for example, 15,066 tons of acid grade were shipped to the United States and 8,825 tons of metallurgical were sold in Canada (Table 8). The acid grade flotation concentrates entered the United States market through an affiliated company, St. Lawrence Fluorspar, Incorporated, of Wilmington, Delaware. Acid grade, while more expensive to produce, commands a premium price.

In July, 1952, the St. Lawrence Corporation of Newfoundland Limited, and St. Lawrence Fluorspar, Incorporated, negotiated a contract with the Defence Materials Procurement Agency of the United States to supply that Agency with 150,000 tons of acid grade fluorspar, to be delivered over a period of four years. At that time, the United States Government advanced the two companies \$1,250,000 for new plant facilities. About \$450,000 of this amount was used to construct the heavy-media separation plant at St. Lawrence, Newfoundland. The remainder was spent by the affiliated company in erecting a flotation mill at Wilmington, Delaware.

On the completion of the new plant facilities in late 1953, the St. Lawrence Corporation of Newfoundland began to ship the heavy-media concentrate (sub-metallurgical) from St. Lawrence, Newfoundland to its affiliate in Wilmington, Delaware. There the concentrate was further processed and brought up to acid grade specifications in the new flotation mill. Over the life of the contract (from 1953 to June, 1957), the St. Lawrence Corporation of Newfoundland shipped to its affiliate in Wilmington about 210,000 tons of heavy-media sub-metallurgical concentrate.

Under its contract with the United States Defence Materials Procurement Agency, the entire facilities of this firm were tied up in supplying the United States stockpile. Hence, it was unable to supply the Canadian steel industry with metallurgical grade from its Newfoundland holdings, (Table 8). In response to a question, the President of St. Lawrence Corporation of Newfoundland stated that "It is correct that in order to fill this large United States government contract we had in effect to concentrate 100 per cent of our efforts on that contract." In response to another question, the same spokesman informed the Board that his firm was not servicing the Canadian market at all during the years when the contract was in operation. Not until 1957, when the contract with the United States authority terminated, was the St. Lawrence Corporation of Newfoundland again willing to supply Canadian consumers with metallurgical grade fluorspar from its Newfoundland operations.

On attempting to re-enter the Canadian market for metallurgical grade fluorspar, the St. Lawrence Corporation of Newfoundland found that the Canadian steel industry had established contracts with other suppliers abroad. The President of the Corporation agreed at the public hearing that it was not surprising that his former customers were not anxious to re-establish former contacts. Furthermore, the price of metallurgical grade fluorspar had declined considerably in the period when St. Lawrence of Newfoundland was shipping to the United States stockpile and, today, landed prices of non-Canadian fluorspar are well below the levels at which the St. Lawrence Corporation of Newfoundland claims it can re-enter the market and realize a reasonable profit.



Thus this firm, having previously withdrawn from the domestic market, and now apparently unable to continue to export, finds that it cannot re-enter the former on a competitive basis. It, therefore, has requested a duty of \$10 per ton to assist it in establishing itself as a supplier of metallurgical grade fluorspar in Canada.

Huntingdon Fluorspar Mines, Limited, of Madoc, Ontario:

Fluorspar currently mined in Ontario originates in the Madoc area. The area first came into prominence during World War I, when a number of mines produced substantial tonnages. Total output for the five-year period 1916-1920 reached 20,000 tons. In the inter-war period, output seldom exceeded 100 tons in any year. Ore was obtained by pick-and-shovel methods at surface, or by working over old waste-dumps.

With the outbreak of World War II, an assistance program was initiated by the Dominion Government and operations were resumed at several of the larger mines. In one year, 1943, as many as seven producers reported shipments from the Madoc district. Total fluorspar shipments in the four-year period, 1942-45, amounted to 28,812 tons. By 1946, the number of producers was down to four; two companies reported shipments in 1950; and since 1952 only one producer — the present Huntingdon Fluorspar Mines — has been catering to the market.

Since 1952, Huntingdon Fluorspar Mines has produced less than 1,000 tons of fluorspar annually in all years except 1957, when 2,430 tons were shipped. This firm mines, crushes and hand picks fluorspar; it has no milling facilities. Only metallurgical grade is produced.

A spokesman made the following statements at the public hearing:

"... fluorspar ore is being imported into Canada causing injury to production and employment in Canada. We request that there be a tariff charged in item 296, to provide for a duty of \$10.00 per net ton of 2,000 pounds in respect to all grades of fluorspar".

Relative Size of Fluorspar Industry:

Since the major portion of Canada's fluorspar industry is located in Newfoundland, it is primarily of importance to that province. The two producing properties, located at St. Lawrence (population 1,800), have provided employment for several hundred workers (Table 9). Wages paid have exceeded \$1 million annually; wage rates were reported as ranging from \$1.20 to \$1.75 per hour.

The mines have provided practically the only alternative employment to fishing and fish processing on the Burin Peninsula. Employment has been divided fairly equally between the two mines. The St. Lawrence Corporation of Newfoundland reported that in 1956, the firm's last complete year of operation, it had employed a total of 243 persons, some on a part-time basis, and that practically all of these had been laid-off at mid-year 1957. Newfoundland Fluorspar Limited is thus the only continuing source of employment in the town.



During the hearings, emphasis was placed on the significance of this industry to the Province of Newfoundland. It was stated that many important industries in the province were facing either short or long term difficulties. An additional factor mentioned by Newfoundland interests was the rapid increase in population. These factors, they stated, made it desirable to preserve all sources of employment on the island. In June, 1957, the total labour force in Newfoundland was 120,000 with 114,000 reported as employed.

The only operating property on the mainland of Canada is located at Madoc, a village of 1,325 population in Hastings County, Ontario. During the period 1949-1957, employment at the mine averaged 17 workers, on an off and on basis. There are alternative opportunities for employment in the area, e.g., a talc mine operated in Madoc and at Marmora, an iron ore mine operating on a year-round basis.

## PART IV

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### ARGUMENTS ADVANCED RESPECTING DUTY

#### Support for Proposals:

The St. Lawrence Corporation of Newfoundland, Limited, and Huntingdon Fluorspar Mines, Limited, propose that existing duty-free entry of Fluorspar be replaced by a duty of \$10.00 per net ton. They ask that this rate apply to all grades and from all sources.

In support of the proposal, officials of the St. Lawrence Corporation of Newfoundland declared:

"In early June of 1957 the company was forced to close down its active mining operations because of inability to sell its product in the Canadian market due to the competition of low wage-paying countries such as Spain, Italy, Germany and Mexico where wages are a fraction of the wage scales being paid at St. Lawrence, Newfoundland .... Their delivered prices are substantially below our cost of production in Newfoundland".

"We cannot compete paying \$14.00 to \$16.00 [for wages] per day at our mine against the \$1.00 to \$3.00 per day paid abroad".

The proposed \$10.00 per ton duty, officials of this firm declared: "would allow the St. Lawrence Corporation of Newfoundland approximately \$5.00 per net ton profit before taxes.

"A smaller duty would not allow the Canadian producer to compete with foreign production at a fair profit and would not allow local operations to be commenced again.

"In order to make \$5.00 per ton profit on metallurgical before taxes we would have to get \$30.00 a ton [70 effective units] f.o.b. St. Lawrence; and in order to get a profit of \$5.00 per ton on acid we would have to get \$40.00 per ton f.o.b. St. Lawrence.

"... to make a metallurgical grade fluorspar of this high analysis [80 effective units] would cost our company at least \$30.00 per short ton on dock at St. Lawrence, Newfoundland". The addition of a \$5.00 profit would make the selling price, including profit, \$35.00 at St. Lawrence.

In discussing the quantities and grades of metallurgical fluorspar which the St. Lawrence Corporation of Newfoundland could supply, the Vice-President of the Corporation said: "There is no doubt that St. Lawrence Corporation can supply all ... companies with the quantities and grades they desire...."

Representatives of the Corporation informed the Board that, granted \$10.00 per ton duty, they would hope to sell from 15,000 to

20,000 tons of metallurgical grade fluorspar annually in Canada. In addition, they would like to sell the same tonnage of acid grade, most of it in the United States. The Board was informed that the combination of metallurgical and acid grade production would allow a more efficient utilization of the ore bodies and result in a greater recovery of  $\text{CaF}_2$  from run-of-mine ore.

Officials of the Corporation explained their project to re-enter the market as follows (all based on the assumption that a \$10.00 duty would apply): They estimated the market for metallurgical grade at 25,000 tons. To produce this quantity of finished fluorspar would require 50,000 tons of run-of-mine ore. The production of 25,000 tons of metallurgical grade can be expected to leave 5,000 tons of fines, assaying much higher than run-of-mine ore. In mentioning the fines, company officials stated: "It is important to remember that this 5,000 tons is a waste product of the production of metallurgical grade; and, although containing a high proportion of  $\text{CaF}_2$ , cannot be sold in the metallurgical market. It has, however, been mined, crushed, and treated, and is suitable for sweetening run-of-mine to reduce the laid down cost of acid grade fluorspar". They hoped to utilize this 5,000 tons of fines plus an additional 30,000 tons of run-of-mine ore, in order to operate the flotation mill at its annual capacity of 20,000 tons. A total of 80,000 tons of run-of-mine ore would thus be required for the production of 25,000 tons of metallurgical plus 20,000 tons of acid grade.

Company officials went on to say that, in their view, they could operate on a smaller scale: "Even a market of 15,000 tons of metallurgical grade would allow an operation of approximately 50,000 tons of run-of-mine a year, a quantity sufficient for efficient operation of the property at St. Lawrence" provided a market for acid grade could also be found.

Spokesmen for Huntingdon Fluorspar Mines, Limited, made the following statements in support of the proposed duty:

"During the last war our government encouraged and supported the production of fluorspar in Canada and thereby helped to create the nucleus of a Canadian fluorspar industry. Production of fluorspar in Canada could now, in peacetime, be encouraged by our government, not only on account of present economic reasons but also because a strong Canadian fluorspar industry would be of inestimable value to our nation in time of crisis. Adequate ore reserves and ore stockpiles would be immediately available. It is pertinent that the United States government has already taken precautions in this regard and now has a stockpile of fluorspar ore under its control.

"The Canadian fluorspar industry in Newfoundland and in the Madoc area has invested substantial sums in development work and in capital outlay in an effort to establish a strong industry. It is exposed to serious competition from countries whose wage levels are far below those prevailing in this country. It is feeling devastating effects of this kind of competition, particularly at this time. As an example: Mexico is producing more fluorspar than its normal market (the United States) can absorb. Fluorspar



miners' wages in Mexico at the present time are, we believe, approximately one dollar (Canadian equivalent) per working day of ten hours. This would be at the rate of 10 cents (Canadian equivalent) per hour. Average hourly wage rate for fluorspar miners in the Madoc district is now \$1.75, \$14.00 for an eight hour day".

At the public hearing, the President of Huntingdon Fluorspar Mines, Limited, informed the Board that his firm's costs "... are in the neighbourhood of \$31.00 for 80 effective units ... at Madoc".

In connection with the disposal of "fines", he said: "... we have been able to dispose of our fines with our coarse /metallurgical grade/ materials. ... I am sure Mr. Seibert /St. Lawrence Corporation of Newfoundland/ has a more difficult situation to handle. Our ore bodies are enclosed in the host rock of limestone, whereas his ore body is enclosed in granite. Therefore, the impact on the detonation of the explosive will throw his ore up against the very hard granite rock and probably break it down a lot more than ours."

### Opposition to Proposals:

The major portion of imported fluorspar consists of metallurgical grade, and the Canadian steel industry consumes about 20,000 tons of this grade annually. In recent years almost all of the industry's needs have been imported. This development is due, the steel producers claim, to the fact that fluorspar has been available only in limited quantities from domestic sources.

The Steel Company of Canada, Limited, stated in its brief, and also reiterated at the public hearing, that: "While there are three Canadian producers of fluorspar, we have not been offered Canadian fluorspar in recent years. In fact, two of the Canadian producers have been offering us Mexican fluorspar.

"The St. Lawrence Corporation of Newfoundland, Limited, producers of Newfoundland fluorspar, offered us Mexican fluorspar in 1955, 1956 and 1957".

Copies of correspondence received by the Steel Company of Canada, from the St. Lawrence Corporation of Newfoundland, Limited, are attached as Appendix A. In this correspondence, St. Lawrence Corporation of Newfoundland stated that it could not supply fluorspar from its Canadian properties but that it could do so from an associated firm with properties in Mexico.

The Steel Company's brief also stated that:

"... The James Symon Company<sup>1</sup> of Madoc, Ontario, producers of fluorspar at Madoc, representing Frank Samuel & Co. of Philadelphia, offered us Mexican fluorspar in 1955 and were successful in securing an order from us. In 1956, The James Symon Company again offered Mexican fluorspar on behalf of Frank Samuel & Co. but were unsuccessful.

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<sup>1</sup>Mr. James Symon is also the President of Huntingdon Fluorspar Mines Limited.

"In 1958, we invited the St. Lawrence Corporation and the Aluminum Company of Canada to quote on this year's requirements. We were advised by both companies that they could not meet our specifications from their Canadian operations. Copies of their replies are submitted." (Appendix A).

The Steel Company of Canada, in a letter of October 30, 1957, advised the Board that: "The St. Lawrence Corporation of Newfoundland Limited has not offered us any Newfoundland fluorspar since 1952".

Other steel users also said that they had not been offered Canadian fluorspar in recent years. Dominion Foundries and Steel, Limited, in a letter of October 10, 1957, said: "As far as we can determine, we have not received any offers from this firm (St. Lawrence) for fluorspar from Newfoundland since 1951." Atlas Steels Limited indicated that the St. Lawrence Corporation of Newfoundland had not offered Canadian fluorspar to that company since June, 1953. Dominion Steel and Coal Corporation, Limited in a letter of October 18, 1957, discussing price quotations from St. Lawrence Corporation of Newfoundland, said: "1954 - They would not quote as they couldn't compete ...; 1955 - They quoted on Mexican spar, through their Mexican connections; 1956 - They did not quote as they could not compete with prices quoted by other firms." Algoma Steel Corporation, in a letter of October, 1957, to the Board gave the following information regarding its dealings with the St. Lawrence Corporation of Newfoundland: 1951 - Algoma purchased 2,000 net tons; 1952 - No offering made; 1953 - Offering made but none purchased; 1954, 1955 and 1956 - Offerings made of Mexican fluorspar from St. Lawrence Corporation of Newfoundland's associated producer in Mexico; 1957 - No offering made. During certain of these years, Algoma did purchase from Huntingdon Fluorspar Mines Limited.

Presence of Impurities: At the public hearing a witness for the steel industry testified that the presence of silica in fluorspar adds to impurities already in the furnace. As a result, in ordering fluorspar, steel producers specify either the maximum silica content or a number of effective units, which — in effect — is an alternative method of stipulating silica content. During the public hearing, one of the domestic fluorspar producers submitted in evidence a copy of an actual order received from the Algoma Steel Corporation Limited, which stipulated that the maximum silica content should not exceed five p.c. While Huntingdon Fluorspar Mines could meet this particular requirement, the President of the St. Lawrence Corporation of Newfoundland said that he did not think his company could guarantee as little as five p.c.

Other steel producers also specify a maximum silica content. In the case of Atlas Steels, the current maximum is three p.c. Stelco specifies 80 to 85 effective units, which in effect sets a maximum silica content. In the latter instance, St. Lawrence Corporation of Newfoundland probably could produce 80 effective units, but only by utilizing fluorspar having a very high  $\text{CaF}_2$  content. For example, if the silica content were five p.c. the fluorspar would have to contain at least 93 p.c.  $\text{CaF}_2$  to give 80 effective units. The production of this grade would be very costly.

Mention was made also of the detrimental effects of sulphur in the metallurgical use of fluorspar. Steelmakers report that sulphur:

"... affects the quality of the steel by the introduction of sulphur in the slag, opposing the desired reaction of removing sulphur from the steel. The exact effect on the quality of the steel is very difficult to measure. For instance, in making a heat of steel a sulphur content of .050% in the steel may be acceptable, but restricted sulphur specifications to the Open Hearth (.025% or .030% sulphur) may be necessary to roll and produce a quality steel product consistent with lowest manufacturing costs."

An authoritative reference book on steelmaking, "The Making, Shaping and Treating of Steel", 7th Edition, published by the United States Steel Company, says:

"Compared with the elimination of other impurities, the removal of sulphur from the steel in the open hearth is relatively inefficient. As a consequence, an attempt is made to keep the amount of sulphur in all the raw materials at a low value. No exact chemical mechanism for sulphur removal has been established. The ratio of "sulphur in slag" to "sulphur in metal" is not affected by the state of oxidation of the metal, but by slag composition. Rarely more than 50% of the sulphur in the metal can be removed without excessive slag volumes."

Most domestic steelmakers place a limit on the maximum sulphur content which they will accept. In the case of at least one steel firm, the maximum is below the level which Huntingdon Fluorspar Mines can guarantee. The St. Lawrence Corporation of Newfoundland could give the required guarantee on sulphur but not on silica. These specifications apply equally to imported and domestic fluorspar.

A spokesman for the Aluminum Company of Canada, Limited, the largest Canadian user of fluorspar, gave evidence. He informed the Board that: "The Aluminum Company of Canada, Limited ... does not favour the imposition of a duty for the following reasons: (1) It can only tend to increase the cost of our products. (2) It can lead to retaliatory tariff action by others which would interfere with the sale of our products. For the above reasons we wish to record our opposition to the proposal ... and recommend that the present duty free status on importations of fluorspar be maintained." This official asserted that the Aluminum Company would continue to purchase fluorspar from Newfoundland Fluorspar Limited whether or not a tariff were imposed.

It was emphasized that the Aluminum Company produces approximately 500,000 tons of aluminum each year, exporting 80 to 85 p.c. of output; therefore anything that might increase costs was looked upon with concern. Attention was drawn also to the nature of the two-way trade with Mexico. The Aluminum Company expects to sell, in 1958, 8,000 tons of aluminum in Mexico, valued at approximately \$450 per ton. Imports of fluorspar from Mexico in 1957 amounted to 11,500 tons having a total value of \$270,000.



Representations were made to the Board by the Nichols Chemical Company, a user of acid grade fluorspar. This firm manufactures hydrofluoric acid at Valleyfield, Quebec. A spokesman for the company giving evidence before the Board said: "Hydrofluoric acid is presently produced in large quantities in the United States, as you know. Our unit is small, and due to its size and the fact that the market for hydrofluoric acid is still developing, this operation tends to be marginal, since we must compete with imported American material.

"In the manufacture of hydrofluoric acid, fluorspar and sulphuric acid are the main raw materials. Approximately 2.2 tons of acid grade fluorspar is used to produce 1 ton of anhydrous hydrofluoric acid. The finished product presently has a market value of approximately \$400 per ton, and I should estimate that the proposed tariff would add over \$30 per ton to that price, after taking into consideration the increased overhead. It would be about \$25 per ton, but I think we can add something in for increased overhead.

"It may be of interest to the Board to know that just last month we put into operation a small chemical plant at Valleyfield which will give Canada native production of a variety of fine chemicals. The plant itself is a batch operation; that is, with multi-purpose stainless steel equipment. Presently we are making fluoboric acid, and the metallic and alkali fluoborates, all in competition with imported material. These fluoborates, we believe, are very important as a starting point in many syntheses, and as a major starting source of material in the plating industry. I hope it goes without saying that any increase in the cost of hydrofluoride will increase the cost of these salts.

"Mr. Seibert [St. Lawrence Corporation of Newfoundland] has stated that he has heard that a hydrofluoride plant is to be erected at Maitland. May I suggest that the company which might be erecting that plant could conceivably alter their plans, if such plans are in existence, in view of the proposed radical increase in the cost of a major raw material.

"In our opinion this proposed tariff seriously weakens the competitive position of this small but definitely expanding segment of Canadian industry."

A submission was made by the Dominion Glass Company Limited, as follows: "We are presently importing approximately 600 to 700 tons per annum of fluorspar having a minimum of 97 per cent  $\text{CaF}_2$  with an  $\text{Fe}_2\text{O}_3$  content of approximately .021 per cent and suitably screened, for use in the manufacture and production of glassware. To the best of our knowledge, there is no production of fluorspar in Canada which meets the aforementioned specifications, therefore should a duty be imposed, we shall be affected to the extent of our imports."

A written submission was made by Empresa Fluorspar Mines Limited, Toronto. This firm is owned by a number of Canadian mining interests and operates a fluorspar mine in Mexico (Compania Minera Las Cuevas S.A.) which, it reports, produces about 60,000 tons of metallurgical grade and 12,000 tons of acid grade fluorspar per annum. The

submission stated that: "One of the determining factors in the purchase of the Las Cuevas mine was that metallurgical grade fluorspar of satisfactory quality had not been readily obtainable by Canadian consumers from domestic sources."

The brief submitted by Empresa advanced six arguments against the imposition of a duty: (1) 70 to 80 p.c. of total Canadian fluorspar is consumed by the Aluminum Company of Canada Limited and is supplied from Newfoundland output, against which fluorspar from Mexico "... has not proven attractive ..."; (2) Remaining users have had to rely on imports because suitable grades of domestic production were not obtainable; (3) An import duty would not necessarily result in domestic fluorspar producers obtaining the domestic market. High prices resulting from the duty would encourage substitutes. Also, certain grades would still have to be imported; (4) The increased cost of acid grade would handicap the development of the new and growing fluorine chemical industry in Canada; (5) Empresa, which claims to be currently supplying most of Canadian requirements for metallurgical grade, has substantial high grade reserves and consumers are assured of continuing supplies on which they have first call; (6) The increased cost of fluorspar would render finished products less competitive against imports and in export markets.

A brief submitted by the British Fluorspar Producers Development and Research Association drew attention to the fact that the United Kingdom has supplied fluorspar to the Canadian market "for 20 years or more ...". "... Although the tonnage involved is small, the material is apparently vital to Canadian industry .... These parcels are of high grade refined mineral being in part for use in the chemical industry and in part for special use in high grade metallurgical processes. This high grade quality material is likely to be of increasing importance to the Canadian chemical industry ..." This brief concluded with a request that the British Preferential rate remain free; or, at least, that fluorspar be exempt from duty when "... having a calcium fluoride content of not less than  $82\frac{1}{2}$  per cent or, alternatively, of 90 per cent".

## PART V

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Mexican Producers: As noted in the preceding sections, the chief source of imported fluorspar is Mexico. Two of the Canadian producers stated that, because of low wage rates paid to Mexican miners, fluorspar from Mexico can undersell Canadian production. It is of interest to note that these two Canadian producers have, in the past, solicited business on behalf of Mexican producers. Furthermore, the St. Lawrence Corporation of Newfoundland has a sizeable investment in a Mexican producer, namely, Compania Minera Julieta, S.A. This subsidiary firm operates a mine and has a heavy media mill at Fraustro in northern Mexico. It was on behalf of this affiliate that the President of the St. Lawrence Corporation of Newfoundland had solicited business (Appendix A).

Prior to World War II, Mexico was not a significant producer of fluorspar. The industry developed initially to meet the wartime demands of Canadian and United States industries, and more recently there has been a series of discoveries of extensive deposits in northern and central Mexico, resulting in further expansion.

At the present time, the most important of the fluorspar deposits are located in the States of Coahuila and San Luis Potosi in north-eastern Mexico. In Coahuila, just south of the Texas border, there are five centres of activity: Pico Etereo, the San Vicuta-Borquillas area, the Encantada-Buena Vista area, El Tule and the Paila area. The property of Compania Minera Julieta, S.A., an associate of the St. Lawrence Corporation of Newfoundland, is in the Paila area.

In San Luis Potosi are located what are said to be the two **largest** fluorspar mines operating in Mexico. La Consentida, operated by Minerales y Metales Industriales, a wholly owned subsidiary of Pennsault International Corporation, Philadelphia, U.S.A., is 40 miles southeast of the city of San Luis Potosi. The neighbouring mine belongs to Compania Minera Las Cuevas and is owned by Empresa Fluorspar Mines Limited, Toronto, Ontario, a subsidiary of Noranda Mines, Limited. The two mines are similar geologically, but one, La Consentida, uses open-cut operations, while the other, Las Cuevas, uses both open pit and underground room-and-pillar mining.

Fluorspar ores mined in Mexico are, in general, easy to sort to metallurgical grade. Most of the veins occur in limestone and the ore is high in lime, but contains very little or no silica. As a result, Mexican fluorspar is generally, extremely well suited for use in steel furnaces. At Empresa's Las Cuevas mine, some of the ore is very high grade and both metallurgical and acid grade lump can be sorted and shipped without the use of mechanical concentration.

Import Prices: In referring to prices of fluorspar imported from Mexico, the President of the St. Lawrence Corporation of Newfoundland said that "A recent contract of 6,400 tons was awarded by the Steel Company of Canada to some Mexican producers for approximately \$28.00 per short ton alongside dock at Hamilton but this particular material was guaranteed a minimum of 80 effective units of calcium fluoride content ...." The price quoted is not the actual price involved in



the transaction; it is, however, roughly within the range of delivered prices paid for imported fluorspar during 1957 and 1958. Table 10 — Representative Offers of Mexican Fluorspar to Canadian Steel Mills — shows that fluorspar of 80 effective units is being offered in 1958 for \$17.50 a ton at Tampico, Mexico, or \$23.50 at Montreal. In reality, the price f.o.b. Mexican mine or mill is well below that at either Tampico, Mexico, or Brownsville, Texas. Freight and other charges amount to several dollars a ton and when these are deducted the mill return must be well below the offered price of \$17.50 at transfer points.

Almost invariably, fluorspar sells at what are known as contract prices. These are prices set with each individual purchase, and vary, depending on the grade, the number of effective units, and the bargaining ability of the buyer and seller. Prices fall into three groups corresponding to the three principal market grades: acid, ceramic and metallurgical. Quotations are in terms of guaranteed minimum calcium fluoride content; in the case of metallurgical grade, this is usually stated in terms of effective units.

Prices of Canadian produced metallurgical grade during the period 1947-50 ranged from \$29.50 to \$32.00 f.o.b. Newfoundland. In 1951 prices, influenced by the Korean conflict, rose to \$36.00 and \$38.00 for 70-72½ effective units. Prices were at these levels when St. Lawrence Corporation of Newfoundland withdrew from the Canadian market to meet its United States contract obligations. When these obligations were discharged in 1957, prices on the Canadian market were again well under \$30.00 per ton delivered, for 80 effective units.

Freight and other Charges: Fluorspar reaches the Canadian market by rail, water, or a combination of the two. The St. Lawrence Corporation of Newfoundland has not shipped fluorspar to the Canadian market for several years and if it were to resume shipments, the all-water route to domestic steel mills would be the most economical. At the present time it would be possible to load at St. Lawrence into vessels which can navigate the St. Lawrence canal system. It appears that the costs of shipping from St. Lawrence to Sydney, N.S., and Hamilton, Ont., are as follows:

#### Water Freight Charges

<u>St. Lawrence to:</u>	<u>Dollars per ton</u>
Sydney, N.S.	\$2.00 - \$3.00
Hamilton	\$5.00 - \$6.00

Fluorspar brought from Mexico to Sydney moves by water. Four alternative routes are available to Mexican shippers supplying Ontario steel mills. These are: all-water through Montreal, with trans-shipment from ocean-going vessels to canaller at Montreal; all-water via the Mississippi river, with trans-shipment from barge to laker at Chicago; water and rail, with trans-shipment from vessel to cars at Montreal; or all-rail through the United States.

The table below shows the comparative costs of shipping from Mexico to Sydney and to Hamilton via these alternative routes to be

about as follows:

Cost of Shipping Fluorspar  
From Mexico to Canadian Destinations

<u>Destination &amp; Route</u>	<u>U.S. Dollars</u> <u>per Ton</u>
Sydney, N.S., all water	\$ 4.00 - 7.00
Hamilton, Ont.:	
(1) all water via Montreal	\$ 8.00 - 10.00
(2) all water via Mississippi river	\$10.00 - 11.00
(3) water and rail via Montreal	\$11.50 - 14.00
(4) all rail via the U.S.A.	\$21.92

Note: The water rates shown above are based on port of Tampico, Mexico. They do not include the cost of unloading at destination. Where trans-shipment is required en route as in (2) and (3) above, the rates include the cost thereof. The rail rate shown under (4) is that applicable from U.S.A.-Mexico border points.

Source: Compiled by the Tariff Board from information supplied by the shippers of fluorspar in Canada and the United States. Rail-rates are those in force at the beginning of 1958.

Of the four alternative ways of sending Mexican fluorspar to Hamilton, the all-water route with trans-shipment at Montreal appears to be the most advantageous. The all-rail route through the United States, by far the most expensive, has become progressively more so through a series of increases (from \$15.98 a net ton in 1950, to \$21.92 as of February, 1958). Nevertheless, in cases where the customer does not have direct access to the water-front, all-rail shipments are at times preferable. Also, small tonnages may have to be shipped by rail.

From the above, it would appear that as far as the costs of transportation are concerned, the St. Lawrence Corporation of Newfoundland enjoys an advantage over its Mexican competitors of between \$2.00 and \$4.00 on deliveries to Sydney, N.S., and between \$3.00 and \$4.00 on shipments to Hamilton, Ont., when the all-water route is used.

It is probable that, with the completion of the St. Lawrence Seaway in the spring of 1959, the cost of the all-water movement from Mexico through Montreal will decrease. The Seaway will make the Great Lakes accessible to ocean-going vessels, eliminating the need for trans-shipment, the cost of which at Montreal is at present at least \$1.00 per ton. As noted previously, shipments from Newfoundland can now be loaded into canal-type vessels direct and there would, therefore, be no corresponding saving. As a result, the transportation-cost advantage of \$3.00 to \$4.00 enjoyed by the St. Lawrence Corporation of Newfoundland at the present time might well be reduced, as of early 1959, by at least \$1.00 or probably more.

Comparison of Delivered Prices: The president of the St. Lawrence Corporation of Newfoundland estimated his cost of producing 80 effective units at approximately \$30.00 per ton. The following tabulation shows

the "delivered cost" of fluorspar from St. Lawrence at Sydney, and from St. Lawrence and Huntingdon at Hamilton. These estimates do not include profits. On the other hand, the delivered prices for Mexican fluorspar do include profits. In an effort to make the two figures comparable, an amount of \$5.00 has been added to the Canadian delivered cost to provide for a profit, this having been the amount cited by the spokesman for the St. Lawrence Corporation of Newfoundland as being, in his opinion, a reasonable profit (even though the Corporation might have to accept a smaller amount):

Estimated Delivered Prices of Metallurgical Grade Fluorspar  
(80 effective units)  
Dollars per net ton

	<u>ex St. Lawrence</u>	<u>ex Madoc</u>	<u>ex Tampico</u>
	\$30.00	\$31.00	\$17.50
Freight to Hamilton	<u>5.00</u>	<u>4.00</u>	<u>8.00</u>
	\$35.00	\$35.00	\$25.50
Profit	<u>5.00</u>	<u>5.00</u>	(included)
<u>Delivered price</u> <u>at Hamilton</u>	\$40.00	\$40.00	\$25.50

	<u>ex St. Lawrence</u>	<u>ex Tampico</u>
	\$30.00	\$17.50
Freight to Sydney	<u>2.00</u>	<u>4.00</u>
	\$32.00	\$21.50
Profit	<u>5.00</u>	(included)
<u>Delivered price at Sydney</u>	\$37.00	\$21.50

Financial Position: The mining of fluorspar in Canada was, as a whole, a profitable operation until 1957, in which year, however, one of the two applicant producers before the Board (St. Lawrence Corporation of Newfoundland) reported a loss. At the public hearings, the President of St. Lawrence Corporation of Newfoundland stated that his company had enjoyed prosperity while it was delivering fluorspar under its contract with the United States Government. As regards the financial position of St. Lawrence Corporation of Newfoundland today, the Board is of opinion that its fluorspar production operations in Canada are so integrated with related interests and activities in other countries — including fluorspar production in Mexico — that it is not in a position to comment with any degree of preciseness upon the profitability or otherwise of the fluorspar mining activities of St. Lawrence Corporation of Newfoundland, per se.

The President of Huntingdon Fluorspar Mines Limited publicly informed the Board that sales of this company were valued at \$103,358.94 during the period December 1, 1956 - November 30, 1957. Net profits, after taxes, were \$9,138.00.



## PART VI

### SUMMARY

Since 1949 at least, Newfoundland Fluorspar Limited has been by far the largest supplier of fluorspar to the Canadian market. This firm, through its connection with the Aluminum Company of Canada, retains the major share of the total Canadian market for fluorspar and it has not requested that a duty be imposed. The two producers requesting the increase have been minor suppliers of fluorspar to the domestic market since 1949.

The President of the St. Lawrence Corporation of Newfoundland informed the Board that:

"In early June of 1957, the company was forced to close down its active mining operations because of inability to sell its product in the Canadian market due to the competition of low wage-paying countries such as Spain, Italy, Germany and Mexico where wages are a fraction of the wage scales being paid at St. Lawrence, Newfoundland."

It would have been more accurate to have said that the firm closed down because it could no longer sell in the United States market. In fact, it had not sold fluorspar in Canada for a number of years and had actually turned down requests by domestic consumers for quotations to supply. This firm had not been depending on the Canadian market but had found more profitable opportunities in the United States. When these disappeared, it was left without a market.

The St. Lawrence Corporation of Newfoundland, in effect, states that if given a high enough duty it could capture a substantial share of the Canadian metallurgical grade market, thus permitting it to re-enter the United States market for acid grade. It is of interest to note that the spokesman for the firm stated that it requested a duty which should enable it to realize a profit of \$5.00 per ton on Canadian sales. In respect of the more expensive acid grade sales, proposed for the United States market, the firm's spokesman stated:

"Our profit on that acid grade would be about one-half of what our profit would be on metallurgical grade. We will in effect be throwing some of the cost on the metallurgical grade, but on the other hand we are creating employment ...."

In other words, the intent of this producer would be to maintain substantial profit margins on sales in Canada so that the price to United States consumers could be reduced.

Although the Vice-President of the St. Lawrence Corporation of Newfoundland informed the Board that "There is no doubt that St. Lawrence can supply all these Canadian companies with the quantities and grades they desire ...," the President stated later that his firm could not meet the maximum silica content specification by certain of the

larger consumers, who have been obtaining fluorspar from Huntingdon Fluorspar Mines and from abroad which does meet their requirements.

Most Canadian users of metallurgical grade fluorspar specify 80 effective units. The St. Lawrence Corporation of Newfoundland probably could supply such a grade — but only at a very high price, since the high silica content of its fluorspar would have to be offset by greatly increasing the  $\text{CaF}_2$  content of the material. This involves very high costs for this grade of product, especially if a market for acid grade could not be found. In view of the present difficulties being encountered by fluorspar producers in the United States, it would seem that the market in that country is not a strong one.

On the basis of the estimates made by the St. Lawrence Corporation of Newfoundland of its costs and the profit which it hopes to derive from sales, the delivered price at Hamilton of this firm's metallurgical grade, having 80 effective units, would be \$40.00. At the present time, Mexican fluorspar having more than 80 effective units is being delivered at Hamilton for about \$25.00. Even the addition of a \$10.00 duty, which amounts to 57 p.c. of the f.o.b. price at Tampico or Brownsville, would still leave the St. Lawrence Corporation of Newfoundland in what appears to be a non-competitive position at Hamilton, one of the chief markets for metallurgical grade fluorspar. Huntingdon Fluorspar Mines would be in the same position.

Costs of producing metallurgical grade in Mexico are, without any doubt, substantially lower than at either St. Lawrence or Madoc. The two domestic producers claimed at the public hearings that this was attributable to lower labour costs. Public testimony by the domestic fluorspar producers and an examination of their audited financial statements indicate that their labour costs amount to 35 to 50 p.c. of total costs, except selling and administrative. Fifty per cent being the more representative figure, the labour cost of producing one ton of metallurgical grade fluorspar of 80 effective units would be one-half of St. Lawrence's estimated overall cost of \$30.00; that is, it would be \$15.00. If the labour content were deducted from total estimated costs of producing fluorspar at either St. Lawrence or Madoc, the residual for all other costs would be \$15.00 or \$16.00 per ton. These residual costs — excluding all labour — are still well above the cost of producing fluorspar in Mexico. This leads to the obvious conclusion that factors other than labour contribute to the differential between Canadian and Mexican costs.

There is no doubt that the Mexican deposits are of a type of ore ideally suited to metallurgical use, whereas that at St. Lawrence must be processed — at considerable cost — to bring it to metallurgical standards. As explained earlier, silica must not be present in steel furnaces, except in very small controlled quantities. Sub-metallurgical fluorspar at St. Lawrence contains 18 p.c. of silica and only by costly processes can this be reduced to near the five p.c. maximum required by steel producers. In order to offset silica, the  $\text{CaF}_2$  content of the fluorspar must be raised to 93 p.c. in the case of metallurgical grade having 80 effective units. The higher the  $\text{CaF}_2$  content, the greater the proportion of  $\text{CaF}_2$  that is lost in tailings; also, the higher the  $\text{CaF}_2$  content required, the greater the quantity of ore which must be processed. The ore which has been processed at St. Lawrence

has averaged 50 p.c.  $\text{CaF}_2$  in recent years. In order to bring this to sub-metallurgical grade, 1.66 tons of ore are required for one ton of product; 2.25 tons are required for metallurgical grade of 70 effective units and 2.70 tons to make metallurgical grade of 80 effective units.

In Mexico, the ore has a high  $\text{CaF}_2$  content, with little or no silica. Much less ore is required to produce a ton of finished product and the  $\text{CaF}_2$  content does not have to be increased to offset silica.

Huntingdon Fluorspar Mines Ltd. does not have a silica problem and is mining relatively rich veins.

Methods of mining in Canada are more expensive because of the nature of the deposits. At St. Lawrence, shafts must be sunk and maintained. In Mexico, much of the mining has been of the open cut variety, which does not involve shafts.

While wage differentials are undoubtedly a factor in the differences in Canadian and Mexican costs, the nature of the Mexican deposits makes them much more economical to exploit, particularly as regards metallurgical grade.

The Aluminum Company pointed to the fact that this year it expected to sell several million dollars worth of its finished products to Mexico and that these far outweighed the quarter million dollars' worth of fluorspar imported from that country. Further, any element of increased cost would be most serious for Canada's large aluminum industry, which must sell its products competitively on shrinking world markets.

A representative of an important chemical producer informed the Board of the development, in Canada, of new types of chemical production based on the use of fluorspar and its derivatives, the Canadian market for which products had formerly been supplied from the United States. If costs of chemical producers were increased by the imposition of a duty on fluorspar, they might then be unable to compete.



## RECOMMENDATIONS

Of the three companies in Canada which produce fluorspar from domestic deposits, one, Newfoundland Fluorspar Limited, St. Lawrence, Nfld., is a wholly owned subsidiary of the largest consumer (The Aluminum Company of Canada); its mine is a captive one, supplying the requirements of the parent concern.

The remaining two companies — St. Lawrence Corporation of Newfoundland, Limited, St. Lawrence, Nfld., and Huntingdon Fluorspar Mines, Ltd., Madoc, Ont. — have been catering to the needs of industrial users. Though the economies of the two differ markedly, they must, for the purposes of a tariff inquiry, be regarded as one. Both sought the imposition of a duty of \$10.00 per ton.

On the basis of the current fair market value, f.o.b. mine or mill in Mexico (the major source of supplies to Canada), a duty of \$10.00 per ton — estimated by the President of St. Lawrence Corporation of Newfoundland as necessary to permit operations yielding a profit of about \$5.00 per ton — would have an ad valorem incidence of something between 60 and 100 p.c.

While a duty of \$10.00 per ton would be in the nature of a bonanza to the relatively small operation at Madoc, it would very likely prove — in the opinion of the Board — insufficient to permit St. Lawrence Corporation of Newfoundland to compete with the Mexican product. On the other hand, it would be a burden upon the domestic users of fluorspar, especially to those industries competing in export markets.

The evidence appears to establish that the nature of the ore body of the St. Lawrence Corporation of Newfoundland is such that it is probably better suited to the production of acid grade fluorspar than of metallurgical grade. The heavy charges of dynamite required to loosen the mineral from the granite host body create a high percentage of "fines"; additionally, the impurities tend to be very largely silica, which is undesirable in metallurgical grade fluorspar but presents no particular problem in the manufacture of acid grade. Indeed, it is probable that, should a substantial market for acid grade re-develop, it would become more profitable for the St. Lawrence Corporation of Newfoundland to concentrate on the production of acid grade — in which event, Canadian steel mills would once again be required to seek another source of supply of metallurgical grades.

Another consideration the Board cannot disregard in considering an application relative to fluorspar alone is the tremendous stake Canada has in the export to world markets of a wide range of minerals and mineral derivatives.

Under all the circumstances, and on the basis of the evidence presented, the Tariff Board is unable to recommend the imposition of a duty on fluorspar, under any tariff.



Chairman



Vice-Chairman



Member

Minority Opinion:

The Minister of Finance directed the Board, on September 24, 1957, to conduct a study of "tariff item 296 in as far as it relates to fluorspar", fluorspar being mentioned by name in that item, such investigation to be carried out under the authority granted to this Board by Section 4, subsection 2, of the Tariff Board Act.

The Minister, in issuing his instructions, gave us more latitude than if he had requested us to proceed under Section 4, subsection 1, of the Tariff Board Act, which provides, inter alia, for the examination of "the cost of efficient production in Canada and elsewhere", so as to determine "what increases or decreases in rates of duty are required to equalize differences in the cost of efficient production".

According to the Minister's letter, the Board was to gather and consider information regarding "the production, consumption, marketing, imports and exports of all grades of fluorspar", and to indicate "the effects on Canadian producers and consumers of the Canadian tariff on fluorspar", the effects on consumers being appraised from the angle mentioned in our Act, namely, the extent to which the consumer is to be protected from exploitation. If the situation of



the consumer is to be taken into account, the selling price assumes great importance.

Recommendations as to tariffs must, therefore, contemplate a selling price which, while having regard to the interest of the producers, will not involve the exploitation of consumers, whose needs are varied and who may, as in the present instance, require different grades of the product. The main industries using fluorspar are: the steel industry, the aluminum industry, the chemical industry, and the ceramic industry.

In this study, selling prices have assumed such importance that I deem it advisable to reproduce here the table given in the main body of the present report:

Estimated Delivered Prices of Metallurgical Grade Fluorspar  
(80 effective units)  
dollars per net ton

	<u>ex St. Lawrence</u>	<u>ex Madoc</u>	<u>ex Tampico</u>
	\$30.00	\$31.00	\$17.50
Freight to Hamilton	<u>5.00</u>	<u>4.00</u>	<u>8.00</u>
	\$35.00	\$35.00	\$25.50
Profit	<u>5.00</u>	<u>5.00</u>	(included)
<u>Delivered price at Hamilton</u>	\$40.00	\$40.00	\$25.50

	<u>ex St. Lawrence</u>	<u>ex Tampico</u>
	\$30.00	\$17.50
Freight to Sydney	<u>2.00</u>	<u>4.00</u>
	\$32.00	\$21.50
Profit	<u>5.00</u>	(included)
<u>Delivered price at Sydney</u>	\$37.00	\$21.50

It is obvious that, in the light of the above, my colleagues have come to the conclusion that no tariff treatment unless of the most exceptional character could rectify a situation where domestic sales prices are so very different from the landed sales prices of foreign fluorspar. How can Canadian prices of \$40.00 (Hamilton) and \$37.00 (Sydney) be adjusted to meet corresponding landed prices of imports of \$25.50 and \$21.50? The Tampico price on which my colleagues calculated ad valorem equivalents, and the ad valorem equivalents themselves, will be commented upon later.

As to the suggestion that tariff treatment cannot solve the problem of this Canadian industry, I may say that I would myself favour such a conclusion if I were convinced that by way of a tariff no Canadian producer could be helped. It might be very hard, nay impossible, to solve by tariff treatment the problem of the two Canadian producers referred to in the above table, but one of them, at least,

Huntingdon Fluorspar Mines Limited, could certainly be helped. On this assumption, I would reach a different conclusion from the one arrived at by the other members of the Board sitting on this reference.

The report shows plainly that both producers cannot benefit equally by an increase in tariff, as the conditions at their respective mines are quite different as, consequently, are their costs of production. In Newfoundland, the ore is embodied in granite; in Madoc, in limestone. One mine has a difficult water problem to solve, the other has a much more simple one. And above all, at St. Lawrence, a balanced production of metallurgical and acid grades must be achieved if the mine is to be successfully operated; the sale of their metallurgical grade alone would not solve their financial problem; an outlet has to be found either here or elsewhere for their fines.

It is true that both companies have asked for a protection of \$10.00 per ton and have based their arguments on that figure, but it is equally true that it can be deduced from their statements before the Board that they would accept a somewhat lower figure. Thus, while a rate of five dollars a ton might be appreciated by both companies, only one, according to the financial data, might really be helped.

#### Ad Valorem Equivalents:

During the public hearings, on many occasions, the ad valorem equivalents of the specific duty asked by the petitioners were frequently cited. These were necessarily high as figures and shed an unfavourable light on the requests of the industry. This type of calculation is not new in discussing rates. It was widely used under Reference No. 124 (Fruits and Vegetables) to show the apparent abnormally high request of the industry which, presented from that angle, seemed to be unrealistic. The Board itself was not immune from that practice as it reserved a special column in the tables prepared for each fruit or vegetable in which the ad valorem levels of duties were given in relation to assumed f.o.b. unit values.

The expression ad valorem equivalent is confusing; it has a tendency to convey the idea of a rate of duty, although there are two kinds of rate, ad valorem and specific, each having a definite role to play.

Frequently, an ad valorem equivalent apparently exorbitant can be explained by the fact that one of the principal elements of the fair market value of foreign goods is out of proportion with the corresponding element in the domestic price. This is the gist of the remarks I made in a letter addressed to the Chairman of the Board on October 8, 1957, at the time of the signing of the report on the above Reference. I mentioned that ad valorem equivalents of 100 p.c. and, in some cases, 400 p.c., were unrealistic; they were due to the fact that the element "time", (the time at which the transaction had taken place), which has to be determined in establishing fair market value, was not comparable to the "time" element in the corresponding Canadian prices.

In the case of fluorspar, the "time element" in fair market

value is not in question, but another factor not specifically named in the definition of fair market value but which has a bearing on the fairness of that value, is the wages paid to labour in the country of origin of the imported fluorspar. How can competition be on a fair level when in one place the wages are \$1.00 a day, and in the other \$14.00 a day?

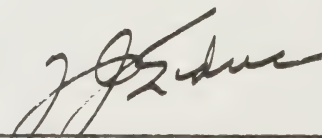
The specific duty required was aimed at redressing such inequalities. If the petitioners had requested an ad valorem duty, this would have defeated their own purpose, as the rate they would have suggested would have been beyond the ordinary limits of ad valorem rates. They asked for a duty of \$10.00 a ton so as to correct part of the discrepancies offered by differentials in wages.

#### Newfoundland Fluorspar, Limited:

This company occupies a special place in the fluorspar industry in Canada. It is a subsidiary of the Aluminum Company of Canada and all its production is shipped direct to Arvida where the fluorspar is processed into aluminum fluoride and shipped to the different aluminum plants in Canada, including Kitimat. A change in the tariff rates should not affect the cost of production of that company. Furthermore, an official of the Aluminum Company has given the firm assurance that no matter what tariff treatment is suggested, that company will continue to get its supply from its own mine at St. Lawrence. It is a happy suggestion, as the representative of the Department of Economic Developments of Newfoundland, Mr. Goundrey, had stressed the social importance of the mining operation at St. Lawrence to the population of the Burin Peninsula, which needs diversified industries to occupy its man-power.

#### National Industry:

During the public hearings, the petitioners reminded the Board of their special effort during the Second World War and during the Korean War. At the instigation of both Canadian and American governments, they were asked to operate their mines and they were offered credit facilities to expand their operations. The United States lately went so far as to order a firm quantity of fluorspar for stockpiling. This mineral is vital to the steel and aluminum industries, and now to the growing chemical industry. The national value of such industry is simply stressed here as a matter of record.

  
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Vice-Chairman

## STATISTICAL DATA

### (FLUORSPAR)

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- Table 1: Production by Principal Producing Countries.
- Table 2: Production in Canada by Provinces.
- Table 3: Consumption in Canada, by Grades.
- Table 4: Consumption by Canadian Steel Industry.
- Table 5: Imports of Fluorspar, by Sources.
- Table 6: Domestic Disappearance.
- Table 7: Domestic Shipments, by Firms and Provinces.
- Table 8: Shipments by St. Lawrence Corporation, Ltd., N'f'l'd.
- Table 9: Data re Newfoundland Fluorspar Industry.
- Table 10: Quotations by Mexican Producers.







### TABLE 1

PRODUCTION OF FLUORSPAR BY PRINCIPAL PRODUCING COUNTRIES,  
AVERAGE 1945-49, ANNUAL 1950-56

	Average <u>1945-49</u>	<u>1950</u>	<u>1951</u>	C A L E N D A R Y E A R S					Per Cent of World Total			
				<u>1952</u>	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1945/49</u>	<u>1952/56</u>		
				(In Thousands of Net Tons)								
U.S.A. (shipments)	300	302	347	331	318	246	280	330	39	21		
Mexico (exports)	55	72	74	199	173	146	200	360	7	15		
West Germany	74	102	155	162	178	191	176	171	10	12		
Canada <sup>a</sup>	8	65	78	82	90	119	130	141	1	8		
Italy	21	32	45	64	84	85	111	137	3	7		
United Kingdom	64	71	84	85	89	93	96	81	8	6		
Spain	30	37	62	69	56	81	74	66	4	5		
<hr/>												
WORLD TOTAL (estimated)	760	930	1,130	1,300	1,330	1,350	1,460	1,720				

### \*Excluding Newfoundland prior to 1950

**Source:** U.S. Bureau of Mines, Minerals Yearbook.

TABLE 2

PRODUCTION OF FLUORSPAR IN CANADA BY PROVINCES,  
1949-1957 (TONS)

	<u>Newfoundland</u>	<u>Ontario</u>	<u>Total Canada</u>
1949	57,664	6,400	64,064
1950	55,939	8,618	64,557
1951	71,485	6,286	77,771
1952	81,283	904	82,187
1953	89,465	876	90,341
1954	118,065	904	118,969
1955	129,356	730	130,086
1956	140,801	270	141,071
1957	65,564	2,430	67,994

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Source: Compiled from data supplied to the Tariff Board by domestic producers and by the Dominion Bureau of Statistics, Mineral Statistics Section.

TABLE 3

CONSUMPTION OF FLUORSPAR IN CANADA, BY MARKET GRADES, 1947 - 1956  
(TONS)

Grade	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956
Acid <sup>1</sup>	21,615	32,632	32,961	29,624	33,266	45,399	59,562	63,766	68,628	76,478
Metallurgical	18,768	20,651	21,136	21,800	23,374	22,576	22,730	16,002	18,610	18,979
Ceramic	<u>996</u>	<u>826</u>	<u>729</u>	<u>713</u>	<u>886</u>	<u>773</u>	<u>824</u>	<u>842</u>	<u>689</u>	<u>669</u>
Total	41,379	54,109	54,826	52,137	57,526	68,748	83,116	80,610	87,927	96,126

As Per Cent of Total Consumption:<sup>2</sup>

Grade	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956
Acid <sup>1</sup>	52	60	60	57	58	66	72	79	78	79
Metallurgical	45	38	39	42	41	33	27	20	21	20
Ceramic	2	2	1	1	1	1	1	1	1	1

<sup>1</sup>Includes a substantial tonnage of sub-metallurgical preconcentrate (75 CaF<sub>2</sub>);<sup>2</sup>Percentages shown do not necessarily add up to 100%, due to rounding.

Source: Dominion Bureau of Statistics, Mineral Statistics Section.

TABLE 4

Fluorspar Used in Canadian Steel Furnaces

<u>Year</u>	<u>Total Quantity Net Tons</u>	<u>Total Cost Dollars</u>	<u>Primary Steel Produced<sup>‡</sup> Net Tons</u>	<u>Fluorspar used per ton of Steel Pounds per ton</u>
1947	18,768	\$612,929	2,945,952	12.74
1948	20,651	700,005	3,200,480	12.90
1949	21,136	726,075	3,190,377	13.25
1950	21,800	737,251	3,383,575	12.89
1951	23,374	835,100	3,568,720	13.10
1952	22,576	860,308	3,703,111	12.19
1953	22,730	890,454	4,116,068	11.04
1954	16,002	534,703	3,195,030	10.02
1955	18,610	577,438	4,534,672	8.21
1956	18,979	649,817	5,301,202	7.16

<sup>‡</sup>Includes annual output of steel ingots, and steel castings.

Source: Dominion Bureau of Statistics, The Primary Iron and Steel Industry.

TABLE 5

IMPORTS OF FLUORSPAR INTO CANADA FOR CONSUMPTION,  
BY PRINCIPAL SOURCESFiscal Years Ending March 31, 1935 to 1939;  
and Calendar Years 1937 to 1957  
(tons of 2,000 pounds)

<u>Year</u>	<u>United Kingdom</u>	<u>Newfound- land</u>	<u>Mexico</u>	<u>Spain</u>	<u>United States</u>	<u>All Other</u>	<u>Total</u>
Fiscal Years Ending March 31st:							
1935	2,057	712	-	-	2,031	3,472	8,272
1936	4,038	1,272	-	1,680	3,431	359	10,780
1937	2,229	3,663	-	2,031	2,209	1,017	11,149
1938	1,790	4,163	-	1,331	4,195	1,823	13,302
1939	675	4,282	-	-	1,455	6,602	13,014
Calendar Years:							
1937	1,790	2,638	-	1,331	4,059	1,626	11,444
1938	675	6,092	-	-	1,388	6,902	15,057
1939	1,122	5,639	-	-	6,502	3,058	16,321
1940	1,021	12,722	333	4,448	11,787	-	30,311
1941	329	11,352	-	-	14,858	-	26,539
1942	-	31,474	3,587	-	12,723	-	47,784
1943	-	63,135	3,580	-	10,721	-	77,436
1944	-	30,767	1,058	-	5,276	-	37,101
1945	-	13,367	5,340	-	1,805	-	20,512
1946	-	28,005	1,062	-	2,746	-	31,813
1947	-	27,088	3,923	-	990	-	32,001
1948	-	41,405	6,044	-	1,475	-	48,924
1949	-	★	988	-	1,522	-	2,510
1950	94	★	579	-	844	55	1,572
1951	1,867	★	2,670	2,292	1,359	-	8,188
1952	628	★	11,790	1,761	5,229	3,306	22,714
1953	1,435	★	8,696	4,810	4,987	233	20,161
1954	2,327	★	10,798	-	3,115	-	16,240
1955	289	★	9,690	5,815	2,825	3,155	21,774
1956	59	★	26,523	-	1,566	-	28,148
1957	364	★	11,515	-	1,577	1,091	14,547

Source: Dominion Bureau of Statistics.



TABLE 6

CANADIAN PRODUCTION, EXPORTS, IMPORTS AND APPARENT  
DOMESTIC DISAPPEARANCE OF FLUORSPAR

Calendar Years 1949 to 1957

Year	Production Tons	Exports of	Imports + 2,000	Apparent Domestic Disappearance pounds	Exports as p.c. of Production	Imports as p.c. of Domestic Disappearance
1949	64,064	15,344	2,510	51,230	24.0	4.9
1950	64,557	14,238	1,572	51,891	22.1	3.0
1951	77,771	21,460	8,188	64,499	27.6	12.7
1952	82,187	18,675	22,714	86,226	22.7	26.3
1953	90,341	25,351	20,161	85,151	28.1	23.7
1954	118,969	59,051	16,240	76,158	49.6	21.3
1955	130,086	58,390	21,774	93,470	44.9	23.3
1956	141,071	72,789	28,148	96,430	51.6	29.2
1957	67,994	18,984	14,547	63,557	27.9	22.9

SOURCES:

Production - compiled from data supplied to the Tariff Board by domestic producers and by the Dominion Bureau of Statistics, Mineral Statistics Section.

Exports - compiled from data supplied to the Tariff Board by domestic producers, Dominion Bureau of Statistics, and from publications of the U.S. Department of Commerce.

Imports - Dominion Bureau of Statistics, Trade of Canada.

TABLE 7

Canada: Shipments of Fluorspar  
by Firms and Provinces, 1949-1957  
(In net tons)

	St. Lawrence Corporation	Newfoundland Fluorspar	TOTAL NEWFOUNDLAND	Millwood Fluorspar	Huntingdon Fluorspar	TOTAL ONTARIO	TOTAL CANADA
1949	23,891	33,773	57,664	2,800	3,600	6,400	64,064
1950	18,124	37,815	55,939	2,450	6,168	8,618	64,557
1951	29,420	42,065	71,485	130	6,156	6,286	77,771
1952	26,061	55,222	81,283	-	904	904	82,187
1953	28,164	61,301	89,465	-	876	876	90,341
1954	58,989	59,076	118,065	-	904	904	118,969
1955	58,307	71,049	129,356	-	730	730	130,086
1956	72,718	68,083	140,801	-	270	270	141,071
1957	18,984	46,580	65,564	-	2,430	2,430	67,994

Source: Compiled by the Tariff Board on the basis of information supplied by the Mineral Statistics Section of the Dominion Bureau of Statistics and by domestic producers.

TABLE 8

St. Lawrence Corporation of Newfoundland, Ltd.:  
Shipments of Fluorspar, 1949 - 1957

Year	Acid Grade 97% +	Cyanamid Grade 83% +	In Net		Tons	TOTAL	Domestic	Foreign
			Metallurgical Grade 85% +	Sub-metallurgical Grade 70% +				
1949	15,066	-	8,825	-	-	23,891	8,825	15,066
1950	12,338	1,445	4,341	-	-	18,124	4,311	13,813
1951	15,891	-	13,529	-	-	29,420	7,725	21,695
1952	13,987	-	12,074	-	-	26,061	7,292	18,769
1953	19,002	-	6,460	2,702	-	28,164	2,868	25,296
1954	2,374	-	90	56,525	-	58,989	90	58,899
1955	-	-	-	58,307	-	58,307	-	58,307
1956	-	-	-	72,718	-	72,718	-	72,718
1957	-	-	-	18,984	-	18,984	-	18,984

Source: St. Lawrence Corporation of Newfoundland.

TABLE 9

## PRINCIPAL STATISTICS OF THE NEWFOUNDLAND FLUORSPAR MINING INDUSTRY,

1949 - 1957

<u>Year</u>	<u>Establishments</u> No.	<u>Total</u> <u>Employees</u> No.	<u>Salaries</u> <u>and</u> <u>Wages</u> \$	<u>Cost of Fuel</u> <u>and</u> <u>Electricity</u> \$	<u>Cost of</u> <u>Process</u> <u>Supplies</u> \$	<u>Gross Value</u> <u>of</u> <u>Production</u> \$
1949	2	279	562,379	128,645	46,564	1,405,033
1950	2	298	631,386	124,356	53,031	1,290,361
1951	2	377	1,003,575	143,551	82,588	1,966,477
1952	2	488	1,247,471	171,798	99,973	2,484,943
1953	2	480	1,365,216	204,277	184,041	2,631,698
1954	2	423	1,512,169	164,234	184,890	2,946,896
1955	2	497	1,564,553	175,236	221,557	2,678,641
1956	2	470	1,427,861	180,118	233,808	3,395,061
1957	2	321	1,089,027	88,775	112,597	1,662,602

Source: Dominion Bureau of Statistics, Mineral Statistics Section.

TABLE 10

Representative Offers of Mexican Fluorspar  
to Canadian Steel Mills  
1953 to 1958

<u>Year</u>	<u>Basis of Quotation</u>	<u>Number of Effective Units CaF<sub>2</sub></u>	<u>Quoted Price</u> ¢
<u>1953</u>	F.o.b. Mexican border	70	18.43
	" " "	70	19.40
	" " "	70	20.50
	" " "	77½	18.57
	" " "	80	19.88
	" " "	82½	20.90
	" " "	80-85	20.86
	" " "	85	19.75
<u>1954</u>	F.o.b. Mexican border	80	18.50
	" " "	85	19.50
	" " "	95	28.00
<u>1955</u>	F.o.b. Mexican border	72½	15.50
	" " "	75	15.00
	F.o.b. vessel Tampico, Mexico	70	14.50
	" " " "	72½	15.50
	" " " "	75	18.00
	F.o.b. cars Montreal	72½	24.75
	F.a.s. dock at destination	72½	26.75
	" " " "	72½	27.42
	C.i.f. plant	70-74.9	36.00
	" " "	75-79.9	37.00
	" " "	80-85	38.00
<u>1956</u>	F.o.b. Mexican border	73	16.82
	F.o.b. cars Brownsville, Texas	70	17.00
	" " " "	72½	17.20
	" " " "	80-85	20.05
	F.o.b. cars Montreal	70	29.70
	" " " "	80	30.70
	F.a.s. dock at destination	70	30.50
	" " " "	70	31.50
	" " " "	80	32.00
	" " " "	80	33.00
<u>1957</u>	F.o.b. Mexican border	80	19.50
	" " "	80	22.15
	F.o.b. barge Brownsville, Texas	70	20.50
	F.o.b. cars Montreal	78-84	27.00
	" " " "	80	29.00
	C.i.f. Montreal	80	28.50
	F.a.s. dock at destination	80	35.85
<u>1958</u>	F.o.b. Mexican border	70	18.00
	F.o.b. vessel Tampico, Mexico	72-75	17.00
	" " " "	80	17.50
	F.o.b. barge Brownsville, Texas	72½	19.50
	F.o.b. cars Montreal	72-75	23.00
	" " " "	80	23.50
	F.a.s. dock at destination	80	25.75



Copies of Correspondence  
submitted to  
THE TARIFF BOARD  
by the  
Steel Company of Canada



C O P Y

ST. LAWRENCE CORPORATION OF NEWFOUNDLAND, LIMITED  
Original Producers of Newfoundland Fluorspar

Mines Located at  
St. Lawrence, Newfoundland

Please Reply to

Room 1644  
120 Broadway  
New York 5, New York

June 20, 1955

Mr. W. G. Cherry, Buyer  
Steel Company of Canada Ltd.  
Hamilton, Ontario  
Canada

Dear Mr. Cherry:-

Our company has just purchased a major interest in a going Mexican fluorspar mining company known as Cia Minera Julieta, S.A. This Mexican company has large fluorspar areas in the La Paila District of the State of Coahuila, Mexico. The company has been consistently shipping 2,000 to 2,500 tons of high grade metallurgical fluorspar per month and its reserves are extensive.

The writer would greatly appreciate it if when you are next in the fluorspar market you will permit us to quote on tonnage from these new properties which we have acquired a substantial interest in. We can ship you anything from 70 effectives to acid grade lump material and the present price indications of metallurgical grade with 75 effective units of calcium fluoride content is \$15 per net ton of 2,000 lbs. Midbridge between Matamoras, Mexico and Brownsville.

When you are next in the market for fluorspar, we would appreciate an opportunity of giving you a quotation and hope that we might receive some of your fluorspar business to be supplied from our Mexican property. We might say that our entire Newfoundland production is committed for the next year and a half and we will have no ore available from that source and in any event under present conditions the Newfoundland production is not competitive with the Mexican production because of considerably lower wage rates and other costs.

Hoping we might have the pleasure of hearing from you, we remain,

Yours very truly,  
ST. LAWRENCE CORPORATION OF NEWFOUNDLAND,  
LTD.  
Walter E. Seibert  
President

## C O P Y

ST. LAWRENCE CORPORATION OF NEWFOUNDLAND, LIMITED  
Original Producers of Newfoundland Fluorspar

Mines Located at  
St. Lawrence, Newfoundland

Please Reply to

Room 1644  
120 Broadway  
New York 5, New York

January 27, 1956

Re: FLUORSPAR - 1956 REQUIREMENTS  
YOUR FILE F1/17

The Steel Company of Canada Limited  
Hamilton, Ontario  
Canada

Att: Mr. W. G. Cherry  
Buyer

Dear Mr. Cherry:-

We have your letter of January 24th in which you request a quotation on 6,000 net tons of metallurgical grade fluorspar for delivery August-October, 1956.

The St. Lawrence Corporation of Newfoundland, Ltd. has its entire output of metallurgical fluorspar sold to one of its affiliated companies in Wilmington, Delaware and we have no fluorspar of this grade available from Newfoundland.

Our company has a new affiliate, the Cia Minera Julieta, S.A., of Saltillo, Mexico, which has extensive fluorspar deposits in Mexico and is now operating and shipping metallurgical grade fluorspar to U. S. and Canadian customers. That company would be interested in furnishing your requirements for this year and in its behalf we submit the following:

<u>QUANTITY:</u>	Six Thousand (6,000) net tons.
<u>QUALITY:</u>	80 to 85 effective units Sulphur - Less than .05% Size - Maximum 1½" but not more than 10% fines going through a 16 mesh screen.
<u>SHIPMENT AND PRICE:</u>	Partial shipment to be made in August and balance to be made not later than October 15th, 1956. Should you prefer rail ship- ments, our price would be \$20.05 F.O.B. cars Brownsville, Texas in bond as far as

January 27, 1956

U. S. Duty is concerned. This price is made up as follows: There is a base price of \$17 for 70 effectives. Your company desires 80 effectives minimum and there is an additional charge of 25¢ per effective units of calcium fluoride content above 70 so that on a basis of 80 effectives, the base price would be \$19.50 Midbridge, that is a point half way between Matamoros, Mexico and Brownsville. To this \$19.50 base charge there would be 55¢ added for bridge tolls of 11¢ per ton, 20¢ for sampling and analysis by Pan American Laboratories at the border, and approximately 24¢ for other miscellaneous and customs clearance charges at the border, per net ton. The rail freight from Brownsville to Hamilton with the 7% increase in International rail freight rates just granted to the railroads effective February 25th will be approximately \$19 per net ton.

In the event that you prefer shipment by water to Montreal and then transshipment by barge from Montreal to Hamilton, the above base price of \$19.50 for 80 effectives would be applicable plus \$3 per net ton which includes the bridge toll, sampling and analysis, American customs charges, rail switching charge, wharfage charge, stevedoring loading the vessel at either Tampico or Brownsville, so that the price F.O.B. vessel Tampico or Brownsville, basis 80 effectives would be \$22.50 per net ton. The water freight to Montreal and barge from Montreal to Hamilton would be approximately \$11 per net ton but any increase or decrease in the water freight rate would be for the buyer's account.

The Julieta Company's mines are in the State of Coahuila and its fluorspar is practically free of lead, zinc, sulphur, barium, strontium, arsenic and the other usual harmful elements in metallurgical grade fluorspar.

We assume that if you should decide to take rail shipments that these could be made rateably over the balance of the year until the middle of October.

We hope that the foregoing proposal may be of some interest to you and await your further advices. Thanking you for the opportunity of quoting, we remain,

Yours very truly,

ST. LAWRENCE CORPORATION OF NEWFOUNDLAND, LTD.

Walter E. Seibert  
President



C O P Y

ST. LAWRENCE CORPORATION OF NEWFOUNDLAND, LIMITED  
Original Producers of Newfoundland Fluorspar

Mines Located at  
St. Lawrence, Newfoundland

Please Reply to

Room 1644  
120 Broadway  
New York 5, New York

May 13, 1957

Re: Mexican Metallurgical Grade Fluorspar

Steel Company of Canada  
Hamilton, Ontario  
Canada

Dear Sirs:-

My company is now operating a heavy media plant at Fraustro, Northern Mexico where we are producing a good grade of metallurgical fluorspar. We are now shipping fluorspar by rail through the Port of Brownsville to Canadian customers and are anxious to know whether you people have any open tonnage to place for this season's consumption. We would like to get an order from you for a few trial cars if there is any tonnage still available and we could ship all water either from Tampico or Brownsville if that will be required.

Awaiting your further advices,

Yours very truly,

ST. LAWRENCE CORPORATION OF NEWFOUNDLAND, LTD.

Walter E. Seibert  
President

C O P Y

ST. LAWRENCE CORPORATION OF NEWFOUNDLAND, LIMITED  
Original Producers of Newfoundland Fluorspar

Mines Located at  
St. Lawrence, Newfoundland

Please Reply to

Room 1644  
120 Broadway  
New York 5, New York

March 13, 1958

RE: FLUORSPAR

The Steel Company of Canada, Limited  
Hamilton, Ontario  
Canada

Att: Mr. D. C. Glennie  
Buyer

Dear Sirs:-

We have your letter of March 7th requesting a quotation on fluorspar. We have produced and sold many thousands of tons of metallurgical grade fluorspar from our mines in Newfoundland but we find that it would be uneconomic for us to produce a product with any more than 70 to 72½ effective units of calcium fluoride content, whereaw you are requesting 80 effective units.

We do have an affiliated fluorspar mining operation in Mexico and we could produce a product with a minimum guarantee of 75 effective units economically but it would not be profitable to put out a higher grade metallurgical material from our mines in Mexico than the 75 minimum. We appreciate your writing us and should your very high rigid specifications be lowered at any time we certainly would appreciate having another opportunity to again have your good company as one of our fluorspar customers.

Yours very truly,

ST. LAWRENCE CORPORATION OF NEWFOUNDLAND, LTD.

Walter E. Seibert  
President

C O P Y

ALUMINUM COMPANY OF CANADA, LIMITED

1700 Sun Life Building,  
MONTREAL

12th March 1958

The Steel Company of Canada, Limited  
Hamilton, Ont.

Attention: Mr. D. C. Glennie,  
Buyer

Dear Sirs:

This will acknowledge your letter of March 6th 1958 requesting a quotation on metallurgical grade fluorspar.

We appreciate the opportunity you have afforded us to quote but regret to advise that it would not be possible for us to meet your specifications of minimum 80 effective units calcium fluoride, and we must, therefore, decline to quote.

Thank you for bringing this matter to our attention.

Yours very truly,

ALUMINUM COMPANY OF CANADA, LIMITED

R. Heath Gray  
Manager  
Chemical Sales Division







CAIFN 55  
-61R27

*Canada Tariff Board*



Report by

# THE TARIFF BOARD

*in Reference*

Relative to the Inquiry Ordered  
by the Minister of Finance  
respecting

**NAILS OF IRON OR STEEL**

**Reference No. 127**





Report by

**THE TARIFF BOARD**

Relative to the Inquiry Ordered  
by the Minister of Finance  
respecting

**NAILS OF IRON OR STEEL**

***Reference No. 127***

Price 50 cents      Cat. No. FT4—127

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1961

## THE TARIFF BOARD

---

L.C. Audette, Q.C.	Chairman
G.H. Glass	Vice-Chairman
F.L. Corcoran	Vice-Chairman
G.A. Elliott	Member
E.C. Gerry	Member

J.E. Gander  
Director of Research

J.C. Leslie  
Secretary

---

## PANEL FOR THIS INQUIRY

G.H. Glass, presiding  
E.C. Gerry

Economist: L.F. Drahotsky





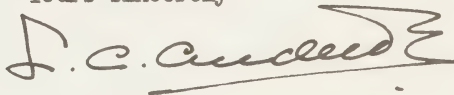
The Honourable Donald M. Fleming, P.C., Q.C., M.P.  
Minister of Finance  
Ottawa, Ontario

Dear Mr. Fleming:

I refer to your letter of June 28, 1960, in which you requested the Tariff Board to conduct an inquiry respecting nails of iron or steel.

In conformity with Section 6 of the Tariff Board Act, I have the honour to transmit the Report of the Board relating to nails of iron or steel, in English and in French. A copy of the transcript of the proceedings at the public hearing accompanies this Report.

Yours sincerely

A handwritten signature in dark ink, appearing to read "J. C. Audette", followed by a long, horizontal, wavy flourish.

Chairman



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## THE TARIFF BOARD

Reference No. 127

## An Inquiry Respecting Nails of Iron or Steel

The letter from the Minister of Finance, dated June 28, 1960, directing the Tariff Board to conduct an inquiry respecting nails of iron or steel reads as follows:

"I have received representations to the effect that nails are being imported into Canada in such quantities and under such conditions as to affect adversely Canadian production and employment, and that the tariff provisions relating to nails have become out of date with the passage of time and changes in price levels.

"The present tariff rates on the nails in question are as follows:-

Item 430c

Wire roofing nails of all sizes and wire nails one inch or more in length, of iron or steel, coated or not ..... per one hundred pounds

<u>British Preferential Tariff</u>	<u>Most- Favoured- Nation Tariff</u>	<u>General Tariff</u>
40 cts.	55 cts.	60 cts.

Item 430d

Cut nails, of iron or steel, coated or not ...  
..... per one hundred pounds

<u>British Preferential Tariff</u>	<u>Most- Favoured- Nation Tariff</u>	<u>General Tariff</u>
30 cts.	45 cts.	50 cts.

Item 430e

Wire nails less than one inch in length, and  
nails, brads or tacks of all kinds, n.o.p.,  
of iron or steel, coated or not .....

<u>British Preferential Tariff</u>	<u>Most- Favoured- Nation Tariff</u>	<u>General Tariff</u>
15 p.c.	27 $\frac{1}{2}$ p.c.	30 p.c.

"I, therefore, direct the Tariff Board to make a study and report, under Section 4(2) of the Tariff Board Act, on the tariff items referred to in the preceding paragraph.

"If the Board's study should indicate that amendments to the foregoing items in the Customs Tariff are desirable, I would request the Board to prepare a revised item or schedule of items relating to nails, with recommendations as to rates of duty."

Public hearing was held in Ottawa from October 31 to November 2, 1960, inclusive.

A list of the Companies and Associations which made representations to the Board follows:

Anchor Wire Products Ltd., Calgary, Alta.  
Canadian Federation of Agriculture, Ottawa, Ont.  
Canadian Importers & Traders Association Inc., Toronto, Ont.  
C & L Importing & Exporting Co. Ltd., Calgary, Alta.  
Coal Operators' Association of Western Canada, The, Calgary, Alta.  
Crispo, F.H., Company, Limited, Rexdale, Ont.  
Dominion Steel and Coal Corporation, Limited, Montreal, P.Q.  
Drahtbüro, Vienna, Austria  
International Factory Sales Service Ltd., Vancouver, B.C.  
Interprovincial Farm Union Council, Ottawa, Ont.  
Japan Wire Products Exporters' Association, Tokyo, Japan  
Morrison Steel and Wire Co. Limited, Vancouver, B.C.  
Sivaco Wire and Nail Company, Marieville, P.Q.  
Steel Company of Canada, Limited, The, Hamilton, Ont.  
United Nail and Foundry Company, Limited, St. John's, Nfld.

Representatives of the following interests were present at the public hearing, but did not make submissions:

Austrian Embassy, Ottawa, Ont.  
Fletcher, J., Montreal, P.Q.  
Long, H.M., Limited, Montreal, P.Q.  
Mitsui & Co. (Canada) Ltd., Montreal, P.Q.  
Takahashi, C.T., & Co. Limited, Vancouver, B.C.

## The Product

Nails of iron have been used by man since ancient times. The early iron nails were hand-made by forging a piece of iron on an anvil. The making of such nails by hand remained a cottage industry on North American farms well into the 19th century.

The first machine to make nails was developed toward the end of the 18th century; it made nails by stamping them out of a strip of iron. It was not until the latter part of the 19th century that machines were developed which made nails out of wire. This latter development made possible, for the first time, the production of nails in large quantities and at relatively low prices. The transition to the present-day nail was completed when steel replaced iron as the principal raw material from which nails are made.

Most of the nails now used are made on the wire nail machine; they are known as the wire nails. Cut nails continue to be made, although their total usage has been decreasing over the years; they are generally more expensive than wire nails. The differences in the method of manufacture and in the essential characteristics of cut and wire nails are discussed below in greater detail.

### Cut Nails

In over-all appearance, cut nails resemble closely the early hand-forged nails. They usually have a round but irregularly edged head and a flat, wedge-shaped shank whose end is either quite blunt or pointed to one side in the form of a knife-blade. As is implied in the generic name, cut nails are cut from a strip of steel whose width equals or exceeds slightly the length of the nail. The strip is fed into a machine which either stamps out the shank and the head all in one piece, or cuts the shank and forms the head in two continuing operations. It is understood that cut nail machines are no longer manufactured in commercial quantities. The original cost of some of the cut nail machines in use in Canada ranged from \$2,000 to \$5,000 each. At their normal rate of operating efficiency such machines can produce from 20 to 600 pounds of cut nails an hour; production in pounds per hour generally increases with the size of the nail.

Cut nails range in length from about one-quarter of an inch to six inches; those below one inch in length are usually referred to as tacks. The principal characteristics of cut nails are their high holding power and their ability to penetrate wood without splitting it. The high holding power is imparted to them by the particular shape and the large surface area of the shank. Their ability to penetrate wood without splitting is due to the blunt point. Because of these characteristics, the larger sizes of cut nails are used principally in flooring and in boat-building, while the smaller cut nails and tacks are used by furniture manufacturers and upholsterers, in the manufacture and repair of shoes, and in the making of baskets, wooden boxes and trunks.

Cut nails are produced in a number of finishes which are intended to make them more suitable for their particular uses. Bluing and galvanizing are the more common of such finishes. Bluing is a heat treatment which imparts a thin oxide coating to the nail; this finish is designed to prevent electro-chemical reaction in the mouth in cases where nails are put in the mouth prior to being used. Galvanizing, either by electrolysis or by hot-dipping, gives the nail a zinc coating and thus increases its resistance to corrosion. In addition, cut nails, particularly the tacks, are often plated with brass, bronze, tin or nickel.

The present wholesale prices of the more common types of cut nails, such as the flooring or boat-nails, range from \$10.50 per hundred pounds to \$14.50, with an average at about \$12.00 per hundred pounds. Because of their small size and the resulting higher production costs per pound, cut tacks sell at between \$20.00 and \$65.00 per hundred pounds, with the more popular sizes selling at about \$30.00 per hundred pounds.<sup>(1)</sup>

### Wire Nails

These can be readily distinguished from cut nails. Wire nails usually have a well-rounded head and a round, pointed shank. The widely used common nail is a typical example of a wire nail.

Wire nails derive their appearance, and their generic name, from the fact that they are made from steel wire. The wire is fed into an automatic machine which cuts the wire to the required length and gives it a point and a head, all in one operation. The thickness, or gauge, of the shank is determined by the thickness of the wire as it is fed into the machine; the length of the nail and the shape of its head and point are determined by the position and shape of the dies and of the cutting knives on the machine. Although the principle of the wire nail-machines has remained unchanged over the years, their speed and efficiency have increased considerably. The actual output per hour of a representative range of wire nail-machines varies from about six pounds of the small nails to more than 3,000 pounds of the very big ones; the price of wire nail-machines ranges from \$3,000 for the lighter types making the smaller nails to as much as \$20,000 for the heavier types making the larger nails.

Wire nails are produced in lengths from about one-half inch to about fourteen inches; approximately 96 per cent of all wire nails used are one inch in length, or more. The principal use of wire nails is in construction; they are also used widely as fasteners in a variety of household and industrial applications. The larger sizes of wire nails are sometimes referred to as spikes while the small sizes are often referred to as tacks. The latter have many applications, including shoe-making and upholstering.

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<sup>(1)</sup> All prices are f.o.b. mill, in minimum car-load quantities of 40,000 lbs., cash discount and federal sales tax not included.



There are several basic types of wire nails. The principal of these are: the common or standard nail, which probably accounts for more than half of all wire nails used, the roofing-nail and the finishing-nail. There are also many special purpose nails, such as the double-headed nail used for temporary fastening. The various types of nails differ not only in their general appearance but also in the shape of their heads and points. In addition, the threaded shank has been introduced in recent years and is now available on most of the principal types of wire nails. The threading may be either of the spiral type, similar to that of a screw, or of the ringed type where the threading takes the form of concentric rings. In both cases, the purpose is to increase the holding power of the nail.

Wire nails have a natural polished steel finish, usually referred to as the bright finish. They are also treated to provide different types of finishes suitable for the particular purpose for which they are to be used. Apart from bluing, galvanizing and plating — all of which have been described above in connection with cut nails — wire nails can also be japanned, coated with cement or phosphate, or can be parkerized. Japanning is an application of baked enamel coating which provides the nails with an enamel finish and with a degree of resistance to rust. Cement coating increases the holding power of the nail and provides some resistance to corrosion. Phosphate coating makes the nail impervious to rust and at the same time provides a base for paints and other finishes. Parkerizing is a further step in which the phosphate coated nail is dipped in a type of black paint; this provides the nail with a high degree of resistance to corrosion.

At the present time, wholesale prices of domestic wire nails range from \$8.50 to \$15.50 per hundred pounds, with the most popular sizes, namely the 2½" and the 4" common nails, selling at \$8.90 and \$8.60 per hundred pounds, respectively. Wire tacks generally sell at about the same prices as cut tacks; they range in price from \$20.00 to \$65.00 per hundred pounds, with the more popular sizes sold at \$30.00 per hundred pounds.(1)

### The Manufacture of Nails in Canada

#### Relative Size

The plants producing nails and tacks are classified by the Dominion Bureau of Statistics under the Wire and Wire Goods Industry. In addition to plants making iron and steel nails and tacks, this industry includes plants producing wire, wire fencing and netting, wire ropes and cables, upholstering springs, screws, bolts and nuts, and a great number of other wire goods. The table below shows the principal statistics of the Wire and Wire Goods Industry, including the firms making nails and tacks, for the years 1935-39 and 1947-58; for comparative purposes, the principal statistics of the firms that make nails and tacks are also shown separately for the year 1958.

(1) All prices are f.o.b. mill, in minimum car-load quantities of 40,000 lbs., cash discount and federal sales tax not included.



THE WIRE AND WIRE GOODS INDUSTRY  
Principal Statistics

<u>Year</u>	<u>Establish- ments No.</u>	<u>Employees No.</u>	<u>Salaries and Wages \$'000</u>	<u>Shipments of Nails and Tacks<sup>(a)</sup> \$'000</u>	<u>Total Value of Factory Shipments \$'000</u>
1935	71	3,477	3,753	3,733	16,236
1936	73	3,806	4,225	4,323	18,369
1937	75	4,536	5,532	4,874	23,559
1938	77	4,331	5,097	4,692	20,605
1939	76	4,523	5,685	5,964	25,063
1947	97	6,687	13,911	8,430	35,267
1948	102	6,946	16,155	10,804	41,854
1949	102	7,206	18,455	13,005	46,545
1950	115	8,259	22,052	13,081	55,868
1951	117	8,859	26,829	15,051	67,289
1952	116	8,662	27,795	13,533	105,660
1953	122	8,634	28,656	13,134	104,858
1954	126	8,731	29,772	12,892	105,900
1955	125	9,261	34,301	16,268	130,458
1956	133	10,195	39,801	17,603	160,458
1957	141	9,832	39,360	14,967	151,238
1958	150	9,219	38,214	17,389	148,798
1958 <sup>(b)</sup>	15	2,985	14,111	17,389	57,545

(a) Includes wire nails of iron and steel, cut and wire tacks of steel, brass, copper and other metals, and prior to 1958 cut nails of iron and steel. For detailed break-down see Table 1 in the Statistical Appendix

(b) Firms producing nails and tacks

Source: Dominion Bureau of Statistics

In recent years, nails and tacks accounted, on the average, for a little over 10 per cent of the Wire and Wire Goods Industry's total shipments. Most of the firms in the Industry that make nails and tacks produce other wire goods as well. For the 15 plants taken together, nails and tacks accounted in 1958 for about 30 per cent of the total value of their combined shipments; the proportion ranged from as little as one-half of one per cent for some plants to as much as 100 per cent in the case of others.

Since most of the firms which make nails and tacks also produce other goods, it is not possible to ascertain exactly the number of employees directly concerned with the production of nails and tacks, nor the wages and salaries earned by them. On the basis

of an estimate prepared by the Board it would appear, however, that the number of production, administrative and office employees does not exceed 1,000 and that their salaries and wages are less than \$4,000,000 annually.

### The Manufacturers

At the present time, nails and tacks are manufactured in Canada by twelve firms utilizing sixteen plants. These firms can be divided into three groups:

- (1) The integrated steel mills, whose primary activity is the manufacture of basic iron and steel. They produce the raw materials required in making nails and tacks, namely the steel plate used in making cut nails and the steel rods from which the wire for wire nails is drawn; they also draw the wire in various gauges from the rods which they produce. The mills sell the steel plate and the steel rods to non-integrated nail manufacturers and to other users; they also sell the nail-wire which they have drawn to non-integrated nail manufacturers and other users who do not have their own wire-drawing facilities. Finally, the mills use a portion of their output of steel plate and steel wire to make cut and wire nails which they sell in competition with those made by non-integrated nail-makers.

The Dominion Steel and Coal Corporation Limited and the Steel Company of Canada Limited are the two Canadian steel mills engaged in the production of nails and tacks. The former makes wire nails in plants located at Sydney, N.S., Montreal, Que., and Toronto, Ont.; the latter makes wire and cut nails in plants at Hamilton, Ont., and Montreal, Que. Together, these two integrated steel producers account for a substantial portion of the wire nails produced in Canada.

- (2) Non-integrated manufacturers of wire nails who have wire-drawing facilities. These firms are engaged chiefly in the production of wire nails, although they may also produce other wire goods such as wire mesh for concrete reinforcement, wire fence, or wire coat-hangers. They draw the wire in the required gauges from steel rods purchased from domestic or foreign steel mills. These firms consume the bulk of the wire which they draw although, at times, they may sell some to other producers of wire goods.

The following Canadian manufacturers of wire nails have their own wire-drawing facilities: Morrison Steel and Wire Company Limited of Vancouver, B.C., Sivaco Wire and Nail Company of Marieville, Que., and United Nail and Foundry Company, Limited of St. John's, Nfld. None of these firms makes cut nails or tacks.

- (3) Non-integrated manufacturers of cut nails, and of wire nails without wire-drawing facilities. Such firms purchase all of their requirements of steel plate and of steel wire from domestic or foreign steel mills. Most of them also make products other than nails.

This group includes seven firms: Atlas Nail & Wire Company of Kitchener, Ont., Anchor Wire Products Ltd. of Calgary, Alta., Dawe's Nail and Hardware Limited of Bay Roberts, Nfld., Dominion Tack & Nail Company Limited of Galt, Ont., Ergon Wire & Steel Products of Toronto, Ont., Mercury Wire & Nail Company Limited of St. Hyacinthe, Que., and United Shoe Machinery Company of Canada, Limited of Montreal, Que. All of these firms make wire nails; Dominion Tack & Nail Company Limited and United Shoe Machinery Company of Canada, Limited also manufacture wire and cut tacks.

### Regional Distribution

As noted above, the two Canadian steel mills engaged in the production of nails have their nail-producing facilities located in the Provinces of Nova Scotia, Quebec and Ontario. Six other nail manufacturers are located in Eastern Canada, three each in Ontario and Quebec. Together, the twelve plants in Eastern Canada account for by far the greatest portion of the Canadian shipments of wire nails, and for all of the cut nails.

There are two manufacturers of wire nails in Newfoundland and one each in Alberta and British Columbia.

### Wages

In 1959, the average hourly earnings of production and related workers in plants making nails and tacks ranged from just under \$1.00 to \$2.45, with an average for all plants of \$2.15 an hour. This can be compared with an average hourly wage of \$1.99 in the Wire and Wire Goods Industry as a whole, with \$2.36 in the Primary Iron and Steel Industry, and with a national average of \$1.72 for all manufacturing industries.

The relatively high wages paid in nail-manufacturing establishments are largely due to the following factors:

- (1) most of the plants producing nails are located in the highly industrialized regions of Canada where wages are high;
- (2) a substantial portion of the Canadian output of nails is produced by the two integrated steel mills and in the steel industry wages are high;
- (3) women are not normally employed in nail manufacturing operations because of the heavy weights involved; this fact is reflected in higher average wages.

## The Canadian Market

### Total Market

The total Canadian market for nails and tacks of iron or steel during the period 1935-39 and 1947-59 is shown in the Statistical Appendix, Table 2. This shows that the annual volume of nails and tacks sold in Canada for domestic consumption increased from a little over one million hundredweights before World War II to just under two million hundredweights in recent years. Practically all of the increase took place in the immediate post-war years; since then, the total volume of nails and tacks used in Canada has remained virtually constant, apart from minor year-to-year fluctuations.

The failure of the Canadian demand for nails and tacks to keep pace with the growth of the Canadian economy and, more particularly, with the rapid expansion of construction activity, is attributed to at least three factors: (1) the increasing use in the construction industry of materials other than wood, such as stone, concrete, structural steel or vinyl tiles, which do not require the use of nails; (2) the replacement of wooden boxes and wooden crates by paper and other types of containers for packaging and shipping purposes; and (3) the increasing use of glues and other adhesives for fastening purposes.

About 80 per cent of the increase in Canadian consumption of nails and tacks in the immediate post-war period was supplied by domestic producers. Their shipments to the domestic market increased from an annual average of about one million hundredweights before the war, to one and three-quarters million hundredweights in 1947-51. The remaining 20 per cent of the increase in the domestic market was supplied by imports, which increased from about 3,400 cwt. a year before the war to some 160,000 cwt. in 1947-51. As imports during this period expanded relatively faster than domestic shipments, the share of the market supplied by domestic producers fell from almost 100 per cent before the war, to an average of about 92 per cent in the years 1947-51. In the following years, imports continued to increase, reaching almost 400,000 cwt. in 1959. Domestic shipments, on the other hand, decreased somewhat with the result that the share of the market supplied by domestic producers declined to just under 80 per cent.

Of the total volume of nails and tacks imported in recent years, some 96 per cent was entered under tariff item 430c as wire roofing nails and wire nails one inch or more in length. The remaining 4 per cent of total imports was divided almost equally between tariff item 430d (cut nails) and 430e (wire nails less than one inch in length and brads and tacks of all kinds). Details of imports under the various tariff items are shown in the Statistical Appendix, Table 7.



Before World War II, some 18 per cent, by volume, of total Canadian shipments of nails and tacks was exported. In recent years, exports accounted, on the average, for about one per cent of total Canadian shipments. As shown in Table 17 of the Statistical Appendix, wire nails account for some 75 per cent of the total volume of exports.

For statistical purposes, Canadian shipments of nails and tacks are divided as follows: (1) wire nails of all types, with the exception of wire tacks; (2) cut nails of all types, with the exception of cut tacks; and (3) cut and wire tacks of all types, including those made of non-ferrous metals such as brass, bronze or copper. The respective Canadian markets for wire nails, cut nails, and cut and wire tacks are discussed below.

### Wire Nails

Wire nails of all types other than the smaller sizes known as tacks account for about 98 per cent, by volume, of all nails and tacks used in Canada; of these about 97 per cent are one inch in length or over, and more than half are the common nails.

The Canadian market for wire nails other than tacks increased from an annual average of about one million hundredweights before the war to about 1.8 million hundredweights in the post-war years of 1947-51; it has remained at about the same level ever since. The share of the market supplied by domestic shipments declined from almost 100 per cent before the war to 92 per cent in 1947-51 and to about 80 per cent in recent years. Detailed figures for the post-war years are shown in the Statistical Appendix, Table 3.

Canadian shipments of wire nails are now one-third greater in volume and almost four times as great in value as they were before the war. In 1935-39 shipments amounted to 1.2 million hundredweights valued at \$4 million whereas in 1955-59 they amounted to 1.6 million hundredweights valued at \$15.4 million. Shipments are now only slightly smaller in volume but still greater in value than they were during the record years 1947-51 when they amounted to 1.7 million hundredweights valued at \$11 million. The volume and value of Canadian shipments of wire nails during the years 1935-39 and 1947-59 are shown in Table 1 of the Statistical Appendix.

Imports of wire nails, which were negligible before World War II, increased to some 270,000 cwt. valued at \$2.2 million by 1949. As a result of shortages abroad arising out of the Korean conflict, imports were small during the early 1950's. Since 1956, they have been rising again; in 1959, the last full year for which information is available, imports of wire nails amounted to almost 400,000 cwt. valued at \$3 million. Imports of wire nails account, on the average, for some 98 per cent of the total volume of nails and tacks imported into Canada; of these, almost 99 per cent are wire roofing nails, or other wire nails one inch or more in length classified under item 430c. The United Kingdom and Japan are the principal non-Canadian suppliers, but imports from European countries,



particularly from Poland and Austria, have been increasing in recent years. Details of the imports are given in the Statistical Appendix, Tables 8, 9 and 10.

Before the war some 12 per cent, by volume, of the Canadian shipments of wire nails was exported, with almost 75 per cent of the exports going to the United Kingdom. Exports declined during the war when trade was interrupted; they continued to decrease in the post-war years and now account, on the average, for about one per cent of total Canadian shipments. The bulk of the exports of wire nails now goes to the United States; there are no exports to the United Kingdom. The Canadian exports of wire nails during the years 1935-39 and 1947-59 are shown in Table 17 of the Statistical Appendix.

Regional Distribution - The Board has prepared an estimate of the regional distribution of the Canadian market for wire nails, which is shown in Table 4 of the Statistical Appendix. The estimate shows that of all the wire nails used in Canada, about 61 per cent are consumed in the Provinces of Quebec and Ontario; domestic nail-makers in recent years supplied about 93 per cent of the market in these two Provinces. The Atlantic Provinces account for about 10 per cent of the Canadian market, with domestic producers supplying more than 95 per cent of the wire nails used in this region. The remaining 29 per cent of Canadian consumption of wire nails takes place in the Prairie Provinces and in British Columbia; in this region, the share of the market supplied by domestic shipments has declined from 85 per cent in 1955 to 57 per cent in 1959.

### Cut Nails

In recent years, the volume of Canadian shipments of cut nails was, on the average, some 17 per cent smaller than before World War II, and about 33 per cent smaller than in the immediate post-war years. In absolute terms, the volume has declined to about 13,500 cwt. annually, from 16,000 cwt. in 1935-39 and from a little over 20,000 cwt. during the record years 1947-51. The value of Canadian shipments of cut nails has seldom exceeded \$250,000 annually, and in recent years averaged about \$170,000. The volume and value of Canadian shipments of cut nails during the years 1935-39 and 1947-59 are shown in Table 1 of the Statistical Appendix.

The size of the total Canadian market for cut nails before the war cannot be ascertained because the imports of cut nails were not reported separately. The statistics for the post-war years show that the total Canadian consumption of cut nails declined by approximately 33 per cent, from an annual average of 30,000 cwt. in 1947-51 to 20,000 cwt. in 1955-59. Since in this period imports of cut nails decreased at about the same rate as Canadian shipments, the share of the market supplied by domestic producers remained unchanged at about 70 per cent of the total. The Canadian market for cut nails during the years 1947-59 is shown in Table 5 of the Statistical Appendix.

The substantial decline in post-war years in both the total consumption and the domestic shipments of cut nails is attributable to two principal factors: firstly, the general decrease in the use of nails resulting from a diminishing use of wood for construction and packaging purposes and, secondly, the substitution of wire nails for cut nails in many applications. Wire nails are usually cheaper than cut nails and in many instances are equally satisfactory.

Cut nails are imported under tariff item 430d. In recent years, imports under this item averaged about 5,000 cwt. valued at some \$130,000, mostly from the United States. It is understood that special types of nails, variously referred to as powernails, powercleats or sash pins, account for most of the cut nails imported; for example, in 1959 one firm's imports of such nails accounted for about 80 per cent of the total value of imports under item 430d. Cut nails of this type are not manufactured in Canada. Imports of cut nails under tariff item 430d are shown in Tables 7, 11 and 12 of the Statistical Appendix. Exports are not published separately.

### Cut and Wire Tacks

The figures of total Canadian shipments of tacks as compiled by the Dominion Bureau of Statistics include wire and cut tacks of iron or steel, as well as of brass, copper and other non-ferrous metals. Tacks made of metals other than iron or steel are believed to account for a relatively small portion of the total.

Total Canadian shipments of wire and cut tacks increased from an annual average of about 25,000 cwt. before World War II to 36,000 cwt. in the immediate post-war years; they decreased to about 24,000 cwt. in recent years. More than two-thirds of the decrease from the level of the earlier post-war years was caused by a substantial decline in exports, from an annual average of about 12,000 cwt. in 1947-51 to a little over 3,000 cwt. in 1955-59. Thus, while total Canadian shipments in this period decreased by about 33 per cent, shipments to the domestic market decreased by only 16 per cent.

The share of the Canadian market supplied by domestic producers declined from about 98 per cent in 1947-51 to some 96 per cent in 1955-59; in this period imports more than doubled. The total Canadian market now amounts to 21,000 cwt. annually, compared to 24,500 in post-war years. Details of the estimated Canadian market for tacks during 1947-59 are given in Table 5 of the Statistical Appendix.

Imported tacks of iron or steel, whether made of wire or cut, are classified under tariff item 430e. In recent years, imports of tacks under this item averaged about 700 cwt. valued at \$24,000; the United States and the United Kingdom are the principal foreign suppliers. Exports go to New Zealand, the British West Indies and the Latin American countries; they now account for about 14 per cent of total Canadian shipments. Details of imports and of exports of cut and wire tacks are shown in the Statistical Appendix.

Proposals of the Canadian Manufacturers

Wire nails one inch or more in length and roofing nails of all sizes account for some 97 per cent of total Canadian shipments of nails and tacks, and for about the same proportion of total imports. Such nails are classified under tariff item 430c; it was with this item that the representations of domestic manufacturers were chiefly concerned. The present item reads:

430c: Wire roofing nails of all sizes and wire nails one inch or more in length, of iron or steel, coated or not

<u>British Preferential</u>	<u>Most- Favoured-Nation</u>	<u>General</u>
40 cts. per cwt.	55 cts. per cwt.	60 cts. per cwt.

When related to the average value of imports in recent years, the ad valorem equivalents of the specific rates of duty amount to 5.5 p.c. under the British Preferential and 7.0 p.c. under the Most-Favoured-Nation Tariff; there are no imports under the General Tariff.

All six of the domestic manufacturers of nails appearing before the Board made proposals respecting the rates of duty in item 430c. Their proposals were as follows:

<u>Rates proposed by:</u>	<u>B.P.</u>	<u>M.F.N.</u>	<u>Gen.</u>
Anchor Wire Products Ltd.	15 p.c.	27½ p.c.	30 p.c.
Dominion Steel and Coal Corporation Ltd.	15 p.c.	27½ p.c.	30 p.c.
Sivaco Wire & Nail Co.	15 p.c.	27 p.c.	30 p.c.
The Steel Company of Canada Ltd.	15 p.c.	22½ p.c.	25 p.c.
Morrison Steel and Wire Company Ltd.	20 p.c.	27½ p.c.	
The United Nail and Foundry Company Ltd.	20 p.c.	27½ p.c.	30 p.c.

The domestic producers proposed that the above rates be applied to all wire nails, irrespective of their length, and also to wire and cut tacks. At the present time, wire nails less than one inch in length, and tacks of all kinds, are classified under the following item:

430e: Wire nails less than one inch in length, and nails, brads or tacks of all kinds, n.o.p., of iron or steel, coated or not

<u>British Preferential</u>	<u>Most- Favoured-Nation</u>	<u>General</u>
15 p.c.	27½ p.c.	30 p.c.

The Steel Company of Canada also proposed that cut nails be dutiable at the same rates as wire nails. Cut nails are now provided for separately in item 430d:

430d: Cut nails, of iron or steel, coated or not

<u>British Preferential</u>	<u>Most- Favoured-Nation</u>	<u>General</u>
30 cts. per cwt.	45 cts. per cwt.	50 cts. per cwt.

When related to the average value of imports in recent years, the ad valorem equivalents of the specific duties amount to 4.1 p.c. under the British Preferential and 1.5 p.c. under the Most-Favoured-Nation Tariff; there are no imports under the General Tariff.

#### Arguments in Support of Proposals

In support of their request for higher rates of duty on wire nails imported under item 430c the domestic manufacturers stated:

" In 1955 imports of 430c-goods comprised 6.3% of the total supply on the Canadian market. Since that time the invasion of the Canadian market by foreign suppliers has increased by leaps and bounds, viz.; 12.6%, 16.2% and 21.1% in 1956, 1957 and 1959 respectively.

" As a consequence of this increasing invasion of the Canadian market more and more man-hours are being lost and larger and larger amounts of salaries and wages are being withheld from the pockets of those who would otherwise enjoy the benefits of Canadian production for Canadian consumption."(1)

The domestic nail producers contended further that not only was the volume of imports increasing, but that -

" Duty-paid values of imported nails in substantial quantities are below the cost of nails produced in Canada, in the most modern and efficient Canadian mills."(2)

The increase in the volume of imports of wire nails in recent years, and the relatively low prices at which they are imported, were attributed by the domestic nail manufacturers to three principal factors: (1) lower costs of production prevalent in other countries; (2) the decrease in effective protection resulting from the fact that the specific duties in item 430c have remained unchanged while prices of wire nails have increased over the years; and (3) the unequal incidence of the federal sales tax.

(1) Record of Proceedings at the Public Hearing on Reference 127 - Nails (henceforth cited as Record), volume 1, p. 62

(2) Ibid., p. 9



With respect to the lower costs of production prevailing abroad, the domestic producers stated:

" The difference in cost is the crux of the problem. ....

" Employees in the Canadian Primary Steel Industry and in the Canadian Nail Industry enjoy one of the highest average wage rates found in this country. These high wage rates are the single most important factor in determining the price at which nails can be sold, where there is need to cover costs and to show a profit."(1)

The decrease in effective protection offered by the specific duties on iron nails imported under item 430c was described as follows:

" The ad valorem equivalent of the specific duty established in 1906 on Item 430c has been eroded by the general rise in world prices. According to our research, the 40¢ B.P. represented 16% ad valorem circa 1906. Today it is about 5%. The 55¢ M.F.N. originally represented 22%, whereas it is now a mere 7½%."(2)

Describing the unequal incidence of the sales tax, the domestic producers stated:

"The application of sales tax weighs more heavily upon us, as a Canadian producer, than upon an importer. The sales tax of 11 per cent is applied to our selling price f.o.b. our plant in Vancouver. Our tax-included price to wholesalers is comparable in trade level to the landed cost to an importer, duty and tax paid. In this landed cost, duties and taxes are not calculated on the ex-dock cost at Vancouver but on the invoice price at point of shipment to Canada."(3)

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"Federal sales tax applied on a duty-paid value of \$6.98 - that is, ex Poland - (i.e. 79 cents) as against sales tax applicable say on \$8.72 (i.e. 96 cents) provides foreign mills with a competitive advantage of 17 cents per cwt. or \$3.30 per ton."(4)

In addition to the disadvantages described above, the domestic producers of wire nails also stated that they suffered a disadvantage resulting from the high cost of shipping their products over the large expanse of the Canadian market. They said that the foreign manufacturers and importers not only enjoyed favourable ocean rates but that shipments originating in certain countries also had the advantage of special low freight-rates on the movement from the port of entry inland.

(1) Record, volume 1, p. 67

(2) Ibid., p. 9

(3) Ibid., p. 114

(4) Ibid., p. 68



Respecting the proposal that all wire nails be provided for in one tariff item and that they be dutiable at the same rates of duty, the Canadian nail-manufacturers stated:

" There is from our viewpoint no reason to have separate tariff provisions for nails over and under a given length, or for roofing nails as contrasted with other nails. They are all made of the same materials, on the same machine, under comparable conditions."(1)

In support of its proposal that a separate provision for cut nails be eliminated, the Steel Company of Canada Ltd. did not offer any evidence or argument other than that -

" Cut nails do not loom large in tonnage, neither as to demand in Canada, nor imports. They represent about 3% of the nail market, and there is no apparent reason why cut nails should not carry the same rates of duty as wire nails."(2)

### Opposition to Proposals

The requests for higher rates of duty on wire nails were opposed by Canadian importers of such nails and by certain domestic interests concerned chiefly with the effect that such an increase might have on the sale of their own products in export markets. The latter group included the Canadian Federation of Agriculture, the Coal Operators' Association of Western Canada and the Interprovincial Farm Union Council.

Both the importers and the special interests professed concern about the effect that an increase in the rates of duty on nails might have on Canada's trading relations with other countries. For example, the Canadian Federation of Agriculture stated in its written submission:

" More important ... is the repercussions which action taken to protect the nail industry would have on trade. Such repercussions cannot be measured or assessed in dollars and cents. Protective action taken can have repercussions on our trading position out of all proportion to the direct impact on imports of the protected product. It is well known, for example, that West Germany and Japan, two of the importers involved, are our most important markets for wheat outside of the U.K. Critical negotiations with respect to the policy of the common market countries respecting agricultural products, and others, are presently under way. Canada's interest in these negotiations is primarily that of an exporter."(3)

With respect to the low prices of imported nails, the import interests noted that these were off-set by certain advantages which the Canadian manufacturers derive from their proximity to the Canadian market. The import interests said that:

(1) Record, volume 1, pp. 115-16

(2) Ibid., p. 15

(3) Ibid., volume 3, p. 350

"In the marketing of nails the Canadian producer has certain advantages over an importer on matters relating to delivery and inventory. The Canadian producer can give quick delivery and offer full assortments with each order. This will give a Canadian wholesaler a better control over his inventory than can ever be accomplished by any importing firm. Because of these two advantages it is our submission that the Canadian producers' prices need not always be identical with the lowest possible prices of imported nails in order to be competitive."(1)

With respect to the proposed deletion of the tariff item providing for cut nails, the largest Canadian importer of such nails stated:

" Due to the fact that the nails imported under tariff item 430d consist almost wholly of powernails, powercleats and sash pins, (which are not made in Canada) there does not appear to be any reason why the present tariff of 45 cents per 100 pounds should be increased."(2)

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(1) Record, volume 2, p. 229

(2) Ibid., p. 310



## SUMMARY AND CONCLUSIONS

Nails are produced in Canada by about a dozen firms located from Vancouver to St. John's, Newfoundland. Only two producers are fully integrated: The Steel Company of Canada, Limited and Dominion Steel and Coal Corporation, Limited; each of these produces nails at more than one location in Canada. The other producers either purchase wire rod, which they draw down to the different gauges required, or purchase wire in the required gauges.

Cut nails and tacks, which are cut from steel strip, are produced by only two or three firms and represent a small and declining percentage of the total production of nails and tacks.

It is estimated that about 97 per cent of all imports of nails and tacks and about the same percentage of domestic production of nails and tacks consists of roofing nails and wire nails one inch or more in length. Such nails are dutiable under item 430c; most of the representations made at the hearing concerned such nails, particularly the common nails two to four inches in length.

The rates of duty on wire nails now classified under item 430c have remained unchanged since 1906 at 40 cents per one hundred pounds under the British Preferential Tariff and 55 cents per one hundred pounds under the Most-Favoured-Nation Tariff. The ad valorem equivalents of these rates have, of course, declined with the increase in the values for duty purposes. In 1959, the ad valorem equivalent of the British preferential rate was about 5 p.c. and that of the most-favoured-nation rate about  $7\frac{1}{2}$  p.c. Prior to the last war, the ad valorem equivalents were about twice as great; at that time Canadian producers were not only supplying virtually the whole of the domestic market but were exporting nearly twenty per cent of their total production. However, even the decrease in the ad valorem equivalents since the war would have had little effect on the competitive position of domestic producers had not prices of nails in Canada increased more, both proportionately and absolutely, than the prices of nails, expressed in Canadian dollars, in the markets of those countries now the principal exporters of nails.

During the public hearing Canadian producers stated that: "... high wage rates are the single most important factor in determining the price at which nails can be sold ..." (1)

On the basis of confidential information received from four Canadian producers, one United Kingdom producer and one European producer, it would seem that direct labour costs alone represent a disadvantage to the Canadian producers amounting to just over five per cent of total factory cost; that is to say, if the Canadian producers were paying the hourly wage rates paid by the United Kingdom producer

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(1) Record, volume 1, p. 67

or the European producer, taking into account direct labour costs only, total Canadian factory costs would, on the average, be about five per cent less. There are in addition certain labour costs included in overhead, packing and handling which increase this disadvantage of the Canadian producer. Factors other than labour costs also influence the competitive position of Canadian producers, some to his advantage, others to his disadvantage.

The Board is recommending rates of 75 cents per one hundred pounds under the British Preferential Tariff and \$1.00 per one hundred pounds under the Most-Favoured-Nation Tariff. Obviously, these specific duties will also lose their effectiveness should the disparity between domestic and foreign prices continue to increase; however, there are some factors that give indications of an improvement in the competitive position of the domestic producers.

The Board is not recommending ad valorem duties, as it was urged to do by the Canadian producers, because there is a considerable volume of high-priced specialty nails imported under item 430c. For example, the average value of imports from the United States under this tariff item was almost 20 cents per pound in 1959. On these nails, most of which are thought to be of a specialty nature, it is not necessary, in the Board's view, to impose the same ad valorem rate of duty as on the cheaper common wire nails which make up the preponderance of the imports. For this reason, the Board considers it best to retain specific duties under this item.

As mentioned earlier, cut nails represent a small and declining proportion of Canadian consumption of nails and tacks. Most of the imports come from the United States and consist of a special nail for use with a driving tool. This nail is relatively costly; in recent years, the average value of imports of cut nails from the United States has exceeded 30 cents a pound. Since imports of cut nails, for the most part, do not compete with domestic production, the Board is not recommending any change in item 430d.

Nails and tacks, of iron or steel, n.o.p. and wire nails, of iron or steel, less than one inch in length are dutiable under item 430e. Imports under this item have never been great and there was little reference to it at the public hearing. Judging by the average value per pound, many of the imports appear to be specialties. The Board is recommending no change in the British preferential rate of 15 p.c. but recommends a reduction in the most-favoured-nation rate from  $27\frac{1}{2}$  p.c. to  $22\frac{1}{2}$  p.c., which is the rate generally applicable under the Most-Favoured-Nation Tariff to other basket items covering goods of a similar nature.



RECOMMENDATIONS

That Schedule A to the Customs Tariff be amended by striking out items 430c, 430d and 430e, and the enumerations of goods and the rates of duty set opposite each of these items, and by inserting therein the following items, enumerations of goods and rates of duty:

Tariff Item	Goods Subject to Duty and Free Goods	British Prefer- ential Tariff	Most- Favoured- Nation Tariff	General Tariff
I	Wire roofing nails of all sizes and wire nails one inch or more in length, of iron or steel, coated or not .....			
	..per one hundred pounds	75 cts.	\$1.00	\$1.50

This item would replace existing item 430c.

The Board's recommendation entails no change in wording but an increase in the British preferential rate from 40 cents per one hundred pounds to 75 cents per one hundred pounds and an increase in the most-favoured-nation rate from 55 cents per one hundred pounds to \$1.00 per one hundred pounds. It also recommends an increase in the rate under the General Tariff from 60 cents per one hundred pounds to \$1.50 per one hundred pounds.

II	Cut nails, of iron or steel, coated or not ...			
	..per one hundred pounds	30 cts.	45 cts.	50 cts.

This item would replace existing item 430d without change in wording or in rates of duty.

III	Wire nails less than one inch in length, and nails or tacks of all kinds, n.o.p., of iron or steel, coated or not .....			
		15 p.c.	22½ p.c.	30 p.c.

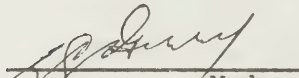
This item would replace existing item 430e.

The only change in wording is the elimination of the reference to "brads". Judging from evidence presented at the hearing, the term "brads" no longer has any clear meaning. Apparently at one

time a particular type of small nail was referred to as a brad. It is not the Board's intention to affect the scope of this item in any way and it is not believed that dropping the word "brads" would do so.

As to the rates of duties, the Board recommends no change in the British preferential rate and a reduction in the most-favoured-nation rate from  $27\frac{1}{2}$  p.c. to  $22\frac{1}{2}$  p.c.

  
Vice-Chairman

  
Member

Ottawa, January 16, 1961





STATISTICAL APPENDIX

TABLE	1	Canadian Shipments of Nails and Tacks of Iron or Steel, years 1935-39 and 1947-59
	2	Total Canadian Market for Nails and Tacks of Iron or Steel, years 1935-39 and 1947-59
	3	Canadian Market for Wire Nails of Iron or Steel, years 1947-59
	4	Estimated Regional Distribution of the Canadian Market for Wire Nails of Iron or Steel, years 1955-59
	5	Canadian Market for Cut Nails of Iron or Steel, years 1947-59
	6	Canadian Market for Tacks of Iron or Steel, years 1947-59
	7	Imports of Nails and Tacks of Iron or Steel by Tariff Item, years 1935-39 and 1947-59
	8	Imports under tariff item 430c, statistical class 5394, years 1935-39 and 1947-59
	9	Imports under tariff item 430c, statistical class 5394, by Province of Customs Clearance, years 1955-59
	10	Imports under tariff item 430c, statistical class 5394, by Country and Region of Customs Clearance, year 1959
	11	Imports under tariff item 430d, statistical class 5391, years 1935-39 and 1947-59
	12	Imports under tariff item 430d, statistical class 5391, by Province of Customs Clearance, years 1955-59
	13	Imports under tariff item 430e, statistical class 5395, years 1935-39 and 1947-59

(cont'd)



- TABLE 14 Imports under tariff item 430e, statistical class 5395, by Province of Customs Clearance, years 1955-59
- 15 Imports under tariff item 430e, statistical class 5393, years 1935-39 and 1947-59
- 16 Imports under tariff item 430e, statistical class 5393, by Province of Customs Clearance, years 1955-59
- 17 Canadian Exports of Nails and Tacks of Iron or Steel, years 1935-39 and 1947-59
- 18 History of the Tariff Items

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#### Explanation of Symbols

- Denotes nil or zero
- .. Indicates that figures are not available
- \* Indicates a reported figure which disappears on rounding
- (a) A small letter in brackets denotes a footnote
- s.c. Denotes an import or export statistical class

Table 1

## Canadian Shipments of Nails and Tacks of Iron or Steel

Year	Nails of Iron or Steel (a)			Tacks of All Kinds (b)		TOTAL NAILS AND TACKS	
	Wire cwt.	\$'000	Cut cwt.	\$'000	cwt.	\$'000	
1935	1,045,292	3,349	14,991	99	23,857	1,084,140	
1936	1,222,343	3,922	15,816	100	26,185	1,264,344	
1937	1,202,246	4,387	17,448	128	22,876	1,242,570	
1938	1,176,212	4,321	14,597	104	22,226	1,213,035	
1939	1,490,554	5,460	18,204	137	30,917	1,539,675	
1947	1,523,862	7,446	18,048	145	48,041	1,589,951	
1948	1,741,037	9,804	18,809	171	38,849	1,798,695	
1949	1,803,241	12,030	21,410	262	31,818	1,856,469	
1950	1,726,156	12,136	20,889	238	33,438	1,780,483	
1951	1,818,884	14,107	25,281	289	27,703	1,871,868	
1952	1,587,817	12,682	13,875	172	26,473	1,628,165	
1953	1,421,540	12,113	13,776	169	25,068	1,460,384	
1954	1,505,837	12,125	13,634	165	20,518	1,539,989	
1955	1,862,558	15,449	17,647	248	20,347	1,900,552	
1956	1,723,217	16,548	13,808	158	27,014	1,764,039	
1957	1,397,001	13,942	12,032	141	24,315	1,433,348	
1958	1,658,129	16,365	12,311	144	23,564	1,694,004	
1959	1,480,651	15,226	13,445	161	23,040	1,517,136	
						3,733	
						4,323	
						4,874	
						4,692	
						5,964	
						8,430	
						10,804	
						13,005	
						13,081	
						15,051	
						13,533	
						13,134	
						12,892	
						16,268	
						17,603	
						14,967	
						17,389	
						16,247	

(a) Include some brass and copper nails prior to 1938

(b) Include cut and wire tacks made of iron or steel as well as of brass, copper or other metals; the non-ferrous tacks are believed to account for a small portion of the total

(c) Estimated

Source: Dominion Bureau of Statistics

Table 2

## Total Canadian Market for Nails and Tacks of Iron or Steel

Year	Canadian Shipments(a)				Imports			Re- exports	TOTAL CANADIAN MARKET(b)	P.C. of Market Supplied by Domestic Shipments			
	Domestic	Export	Total	T h o u s a n d s	U.K.	U.S.	Japan						
											o f	H u n d r e d	t s
1935	865	219	1,084	1	2	-	3	-	868	99.7			
1936	1,039	225	1,264	1	1	-	2	-	1,041	99.8			
1937	1,014	229	1,243	*	3	-	3	-	1,017	99.7			
1938	980	233	1,213	*	3	-	3	*	983	99.7			
1939	1,297	243	1,540	*	7	-	7	1	1,303	99.5			
1947	1,566	24	1,590	*	88	-	89	*	1,655	94.6			
1948	1,745	54	1,799	*	136	-	136	*	1,881	92.8			
1949	1,837	19	1,856	1	272	-	282	*	2,119	86.7			
1950	1,769	11	1,780	26	42	6	85	3	1,851	95.6			
1951	1,862	10	1,872	54	78	1	222	*	2,084	89.3			
1952	1,615	13	1,628	3	61	1	85	*	1,700	95.0			
1953	1,452	8	1,460	27	47	9	101	1	1,552	93.6			
1954	1,535	5	1,540	51	41	20	147	1	1,681	91.3			
1955	1,885	16	1,901	43	29	57	139	*	2,024	93.1			
1956	1,749	15	1,764	50	32	135	257	*	2,006	87.2			
1957	1,422	11	1,433	200	26	28	277	*	1,699	83.7			
1958	1,685	9	1,694	158	20	68	310	1	1,994	84.5			
1959	1,464	53	1,517	127	16	100	398	3	1,859	78.8			

(a) In some years may include small quantities of nails and tacks made of brass, copper and other non-ferrous metals

(b) Canadian shipments to the domestic market plus imports minus re-exports

Source: Based on data compiled by the Dominion Bureau of Statistics as shown in greater detail in Tables 1 and 7 to 17

Canadian Market for Wire Nails of Iron or Steel (a)

Year	Canadian Shipments			Imports			Re- exports	CANADIAN MARKET (b) t s	P.C. of Market Supplied by Domestic Shipments p.c.
	Domestic T h o u s a n d s	Export	Total	U.K. o f	U.S. H u n d r e d	Japan			
1947	1,523	1	1,524	*	85	-	-	1,608	94.7
1948	1,704	37	1,741	*	129	-	-	1,833	93.0
1949	1,793	10	1,803	*	262	-	-	2,064	86.9
1950	1,726	*	1,726	20	35	6	*	1,797	96.0
1951	1,818	1	1,819	46	74	1	-	2,027	89.7
1952	1,586	2	1,588	2	60	1	-	1,670	95.0
1953	1,422	*	1,422	25	44	9	-	1,518	93.7
1954	1,506	*	1,506	50	39	20	*	1,648	91.4
1955	1,852	11	1,863	38	24	56	-	1,980	93.5
1956	1,715	8	1,723	47	29	135	*	1,965	87.3
1957	1,391	6	1,397	199	22	28	*	1,663	83.6
1958	1,653	5	1,658	157	17	68	1	1,955	84.6
1959	1,433	48	1,481	126	12	100	1	1,824	78.6

(a) Includes wire nails of all sizes with the exception of wire tacks

(b) Canadian shipments to the domestic market plus imports minus re-exports

Source: Based on data compiled by the Dominion Bureau of Statistics as shown in greater detail in Tables 1, 7 to 10, 13, 14 and 17

Table 4

Estimated Regional Distribution of the Canadian Market  
for Wire Nails of Iron or Steel (a)

<u>Region</u>	<u>Year</u>	<u>Domestic Shipments</u> (b) Thousands	<u>Imports</u> (c) of Hundredweights	<u>TOTAL MARKET</u> (d)	<u>P.C. of Market Supplied by Canadian Shipments</u> P.c.
Atlantic	1955	179	5	184	97.3
	1956	195	2	197	99.0
	1957	169	4	173	97.7
	1958	178	6	184	96.7
	1959	160	10	170	94.1
Quebec	1955	555	24	579	95.9
	1956	527	60	587	89.8
	1957	427	50	477	89.5
	1958	525	79	604	86.9
	1959	418	133	551	75.9
Ontario	1955	622	11	633	98.3
	1956	622	14	636	97.8
	1957	492	10	502	98.0
	1958	580	7	587	98.8
	1959	547	13	560	97.7
Prairies and B.C.	1955	496	88	584	84.9
	1956	371	174	545	68.1
	1957	303	208	511	59.3
	1958	370	211	581	63.7
	1959	308	236	544	56.6
CANADA	1955	1,852	128	1,980	93.5
	1956	1,715	250	1,965	87.3
	1957	1,391	272	1,663	83.6
	1958	1,653	303	1,956	84.5
	1959	1,433	392	1,825	78.5

- (a) Includes wire nails of all sizes with the exception of wire tacks
- (b) Domestic shipments exclude exports; their regional distribution has been partly estimated and partly based on information provided by domestic manufacturers
- (c) Imports have not been adjusted to exclude re-exports; their regional distribution is based on the Province of customs clearance as shown in greater detail in Tables 9 and 14
- (d) Domestic shipments plus imports





Table 6

## Canadian Market for Tacks of Iron or Steel (a)

Year	Canadian Shipments(b)				Imports			Re-		CANADIAN MARKET(c)	P.C. of Market Supplied by Domestic Shipments			
	Domestic	Export		Total	U.K.	U.S.		Total	Exports					
		H	u			n	d			r		e	d	w
1947	29,827		18,214		48,041	-	98	98	8	29,917	99.7			
1948	23,862		14,987		38,849	-	159	159	1	24,020	99.3			
1949	24,138		7,680		31,818	68	542	610	4	24,744	97.6			
1950	23,068		10,370		33,438	51	255	327	7	23,388	98.6			
1951	20,194		7,509		27,703	168	244	427	-	20,621	97.9			
1952	16,529		9,944		26,473	111	209	326	2	16,853	98.1			
1953	16,941		8,127		25,068	176	327	594	-	17,535	96.6			
1954	15,695		4,823		20,518	151	173	512	2	16,205	96.9			
1955	17,374		2,973		20,347	215	220	498	-	17,872	97.2			
1956	23,219		3,795		27,014	126	413	574	13	23,780	97.6			
1957	20,915		3,400		24,315	149	225	508	-	21,423	97.6			
1958	20,350		3,214		23,564	193	314	666	4	21,012	96.8			
1959	19,803		3,237		23,040	443	524	1,267	23	21,047	94.1			

(a) Includes both cut and wire tacks

(b) Include cut and wire tacks made of iron or steel as well as of brass, copper or other metals; the non-ferrous tacks are believed to account for a small portion of the total

(c) Canadian shipments to the domestic market plus imports minus re-exports

Source: Based on data compiled by the Dominion Bureau of Statistics as shown in greater detail in Tables 1 and 15 to 17

Imports of Nails and Tacks of Iron or Steel by Tariff Item<sup>(a)</sup>

Year	Item 430c:		Item 430d:		Item 430e:		Tacks of		TOTAL NAILS	
	Wire nails		Cut		Wire nails		under 1" (b)		AND TACKS	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
	'000 cwt.	\$'000	'000 cwt.	\$'000	'000 cwt.	\$'000	'000 cwt.	\$'000	'000 cwt.	\$'000
1935	2	8	*	2	*	7	*	7	3	24
1936	2	6	*	1	*	7	*	8	2	22
1937	2	12	*	2	1	11	*	8	3	33
1938	2	9	*	3	1	13	*	6	3	31
1939	6	24	*	2	1	11	*	7	7	44
1947	83	733	3	30	2	40	*	4	89	807
1948	126	1,316	7	65	3	69	*	8	136	1,458
1949	266	2,084	11	91	5	127	1	20	282	2,322
1950	69	517	12	107	3	101	1	15	85	740
1951	202	1,771	13	129	7	156	*	15	222	2,071
1952	81	633	1	27	3	89	*	11	85	760
1953	92	700	5	67	3	88	1	20	101	875
1954	139	964	5	76	3	92	1	14	147	1,146
1955	124	928	11	161	4	114	*	17	139	1,220
1956	246	1,860	6	125	4	119	1	19	257	2,123
1957	268	2,092	4	105	4	116	1	20	277	2,333
1958	301	2,350	6	146	3	87	1	24	310	2,607
1959	389	2,889	5	157	4	114	1	39	398	3,199

(a) For details of imports by import statistical class see Tables 8, 11, 13 and 15

(b) Beginning in 1959, includes spikes imported under tariff item 430g

Source: Dominion Bureau of Statistics

Table 8

Imports: Wire roofing nails of all sizes and wire nails one inch or more in length, of iron or steel, coated or not, s.c. 5394

## Tariff Item 430c

April 1960 4500

Year	Volume cwt.	Value \$'000	Unit Value \$/cwt.	Duty Collected \$'000	Duty as Per Cent of	
					Total Value	Dutiable Value
<u>1. Total</u>						
1935	2,426	8	3.44	..	13.1	13.1
1936	1,522	6	3.80	..	11.3	11.3
1937	2,354	12	4.97	..	10.8	10.8
1938	1,950	9	4.41	..	13.2	13.2
1939	6,119	24	3.93	3	14.0	14.0
1947	82,934	733	8.84	45	6.1	6.2
1948	126,308	1,316	10.42	67	5.1	5.2
1949	266,110	2,084	7.83	146	7.0	7.0
1950	69,399	517	7.45	35	6.8	6.9
1951	202,014	1,771	8.76	105	5.9	5.9
1952	80,812	633	7.83	44	7.0	7.0
1953	92,142	700	7.60	47	6.8	6.8
1954	138,701	964	6.95	69	7.2	7.2
1955	123,877	928	7.49	63	6.8	6.8
1956	246,312	1,860	7.55	129	6.9	6.9
1957	268,253	2,092	7.80	118	5.6	5.6
1958	300,893	2,350	7.81	142	6.0	6.0
1959	388,513	2,889	7.44	195	6.7	6.7
<u>2. United Kingdom</u>						
1935	1,352	4	3.01	..	13.0	13.0
1936	993	3	3.37	..	12.0	12.0
1937	197	1	5.09	..	7.9	7.9
1938	9	*	8.39	..	4.4	4.4
1939	13	*	9.38	*	4.1	4.1
1947-48	-	-	-	-	-	-
1949	211	2	7.20	*	5.5	5.5
1950	18,758	98	5.24	8	7.6	7.6
1951	41,731	270	6.46	17	6.2	6.2
1952	1,053	10	9.45	*	4.2	4.2
1953	24,223	149	6.17	10	6.5	6.5
1954	48,626	288	5.92	19	6.7	6.7
1955	37,308	243	6.52	15	6.1	6.1
1956	46,138	320	6.93	18	5.8	5.8
1957	198,105	1,388	7.01	80	5.7	5.7
1958	155,507	1,188	7.64	62	5.2	5.2
1959	125,418	948	7.56	50	5.3	5.3

(cont'd)

Table 8  
(cont'd)

Year	Volume cwt.	Value \$'000	Unit	Duty	Duty as Per Cent of	
			Value \$/cwt.	Collected \$'000	Total Value	Dutiable Value
<u>3. United States</u>						
1935	1,074	4	3.99	..	13.2	13.2
1936	506	2	4.66	..	10.4	10.4
1937	2,045	10	4.94	..	11.1	11.1
1938	1,940	9	4.39	..	13.3	13.3
1939	6,104	24	3.92	3	14.0	14.0
1947	82,634	730	8.83	45	6.1	6.2
1948	126,308	1,316	10.42	67	5.1	5.2
1949	257,150	2,007	7.80	141	7.0	7.0
1950	33,368	338	10.13	18	5.3	5.4
1951	71,107	741	10.42	39	5.2	5.3
1952	57,995	486	8.38	32	6.6	6.6
1953	41,835	375	8.97	23	6.1	6.1
1954	36,550	353	9.66	20	5.7	5.7
1955	21,929	274	12.48	12	4.5	4.5
1956	26,154	352	13.46	14	4.1	4.1
1957	20,401	302	14.82	11	3.7	3.7
1958	14,795	230	15.52	8	3.5	3.5
1959	8,935	176	19.68	5	2.9	2.9
<u>4. Japan</u>						
1935-39	-	-	-	-	-	-
1947-49	-	-	-	-	-	-
1950	6,146	26	4.20	4	14.3	14.3
1951	980	8	8.38	1	7.2	7.2
1952	1,013	10	9.45	1	6.4	6.4
1953	8,909	55	6.21	5	9.7	9.7
1954	19,601	107	5.46	11	10.4	10.4
1955	56,141	340	6.06	31	9.1	9.1
1956	134,714	842	6.25	74	8.8	8.8
1957	27,765	230	8.30	15	6.6	6.6
1958	67,925	512	7.54	37	7.3	7.3
1959	99,860	761	7.62	55	7.2	7.2
<u>5. Poland</u>						
1935-39	-	-	-	-	-	-
1947-48	-	-	-	-	-	-
1949	100	1	8.38	*	6.6	6.6
1950	2,210	12	5.36	1	10.2	10.2
1951	500	5	10.46	*	5.3	5.3
1952	16,848	99	5.90	9	9.3	9.3
1953-57	-	-	-	-	-	-
1958	14,923	96	6.43	8	8.6	8.6
1959	69,853	444	6.35	38	8.7	8.7



Table 9

Imports by Province of Customs Clearance:<sup>(a)</sup>  
Wire roofing nails of all sizes and wire nails one inch or  
 more in length, of iron or steel, coated or not, s.c. 5394

<u>Province</u>		<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>	<u>1959</u>
N.S.	cwt.	1,183	118	75	1,589	5,996
	\$	9,900	2,015	732	13,271	48,561
P.E.I.	cwt.	69	60	46	46	857
	\$	1,401	1,303	976	1,066	6,864
N.B.	cwt.	210	-	45	160	1,222
	\$	1,408	-	1,226	2,779	9,939
Que.	cwt.	22,742	58,488	48,889	77,584	131,018
	\$	158,882	454,011	334,781	568,457	867,770
Ont.	cwt.	8,553	12,160	7,668	6,251	11,430
	\$	107,403	173,913	127,053	97,957	138,323
Man.	cwt.	9,452	10,616	12,178	11,556	17,621
	\$	89,482	106,477	123,075	111,361	150,964
Sask.	cwt.	54	487	8,272	1,216	2,536
	\$	964	3,689	59,724	9,170	18,089
Alta.	cwt.	1,874	2,287	40,506	29,665	25,599
	\$	18,808	23,840	314,718	235,551	195,782
B.C.	cwt.	76,194	160,452	147,294	168,313	189,887
	\$	515,046	1,080,905	1,105,088	1,274,757	1,432,122
Yukon	cwt.	3	-	-	-	-
	\$	51	-	-	-	-
Nfld.	cwt.	3,543	1,644	3,280	4,513	2,347
	\$	24,675	14,028	24,506	36,025	20,617
<hr/>						
CANADA	cwt.	123,877	246,312	268,253	300,893	388,513
	\$	928,020	1,860,181	2,091,879	2,350,394	2,889,031

(a) The Province of customs clearance need not necessarily be the Province of final consumption

Source: Dominion Bureau of Statistics

Table 10

Imports by Country and Region of Customs Clearance:(a)  
Wire roofing nails of all sizes and wire nails one inch or  
 more in length, of iron or steel, coated or not, s.c. 5394

Calendar Year 1959

Country		Atlantic	Quebec	Ontario	Prairies and B.C.	TOTAL
United Kingdom	cwt.	6,323	7,954	3,681	107,460	125,418
	\$	51,257	59,028	28,648	808,650	947,583
Hong Kong	cwt.	-	-	-	14,904	14,904
	\$	-	-	-	88,763	88,763
Austria	cwt.	-	5,665	4,165	2,315	12,145
	\$	-	34,331	25,512	14,183	74,026
Belgium	cwt.	-	5,262	-	-	5,262
	\$	-	36,513	-	-	36,513
Czechoslovakia	cwt.	-	10,950	-	-	10,950
	\$	-	68,017	-	-	68,017
West Germany	cwt.	1,810	13,506	258	2,820	18,394
	\$	16,591	102,122	2,063	23,310	144,086
Italy	cwt.	-	12,696	300	1,000	13,996
	\$	-	80,412	1,706	6,292	88,410
Japan	cwt.	-	200	-	99,660	99,860
	\$	-	1,973	-	759,271	761,244
Netherlands	cwt.	937	5,537	-	-	6,474
	\$	7,052	31,041	-	-	38,093
Poland	cwt.	1,275	68,578	-	-	69,853
	\$	9,066	434,644	-	-	443,710
Sweden	cwt.	-	250	155	1,917	2,322
	\$	-	4,679	3,601	14,425	22,705
United States	cwt.	77	420	2,871	5,567	8,935
	\$	2,015	15,010	76,793	82,063	175,881
TOTAL	cwt.	10,422	131,018	11,430	235,643	388,513
	\$	85,981	867,770	138,323	1,796,957	2,889,031

(a) The region of customs clearance need not necessarily be the region of final consumption

Table 11Imports: Cut nails, of iron or steel, coated or not, s.c. 5391

Tariff Item 430d

Year	Volume cwt.	Value \$'000	Unit Value \$/cwt.	Duty Collected \$'000	Duty as Per Cent of	
					Total Value	Dutiable Value
1. Total						
1935	194	2	8.41	..	4.9	4.9
1936	170	1	7.81	..	4.7	4.7
1937	188	2	9.15	..	4.3	4.3
1938	363	3	7.49	..	5.6	5.6
1939	210	2	8.94	*	5.0	5.0
1947	3,292	30	9.17	2	5.0	5.0
1948	6,883	65	9.46	3	4.7	4.7
1949	10,555	91	8.65	5	5.1	5.1
1950	12,121	107	8.80	5	4.3	4.3
1951	12,665	129	10.17	4	3.4	3.4
1952	1,370	27	19.61	1	2.1	2.1
1953	5,160	67	12.96	2	3.0	3.0
1954	4,611	76	16.58	2	2.5	2.5
1955	11,145	161	14.45	4	2.7	2.7
1956	6,450	125	19.45	2	2.0	2.0
1957	4,119	105	25.43	2	1.7	1.7
1958	5,554	146	26.26	2	1.5	1.5
1959	4,519	157	34.77	2	1.2	1.2
2. United Kingdom						
1935	81	1	6.49	..	4.5	4.5
1936	100	1	6.33	..	4.9	4.9
1937	59	*	7.03	..	4.2	4.2
1938	77	1	7.32	..	4.2	4.2
1939	6	*	9.00	*	3.7	3.7
1947	-	-	-	-	-	-
1948	55	1	20.36	*	1.5	1.5
1949	609	6	9.79	*	3.1	3.1
1950	6,116	41	6.71	2	4.5	4.5
1951	8,395	60	7.17	3	4.2	4.2
1952	345	3	8.38	*	3.6	3.6
1953	1,892	13	6.78	1	4.4	4.4
1954	1,150	8	6.86	*	4.4	4.4
1955	4,736	33	6.88	1	4.4	4.4
1956	2,649	19	7.36	1	4.1	4.1
1957	822	7	8.20	*	3.6	3.6
1958	1,917	15	8.05	1	3.7	3.7
1959	439	4	7.99	*	3.8	3.8

(cont'd)

Table 11  
(cont'd)

<u>Year</u>	<u>Volume</u> cwt.	<u>Value</u> \$'000	<u>Unit</u> <u>Value</u> \$/cwt.	<u>Duty</u> <u>Collected</u> \$'000	<u>Duty as Per Cent of</u>	
					<u>Total</u> <u>Value</u>	<u>Dutiable</u> <u>Value</u>
<u>3. United States</u>						
1935	113	1	9.79	..	5.1	5.1
1936	70	1	9.93	..	4.6	4.6
1937	129	1	10.12	..	4.4	4.4
1938	286	2	7.53	..	5.9	5.9
1939	204	2	8.94	*	5.0	5.0
1947	3,292	30	9.17	2	5.0	5.0
1948	6,828	64	9.37	3	4.8	4.8
1949	9,946	85	8.58	4	5.2	5.2
1950	6,005	66	10.92	3	4.1	4.1
1951	4,270	69	16.07	2	2.8	2.8
1952	1,025	24	23.39	*	1.9	1.9
1953	3,268	54	16.54	1	2.7	2.7
1954	2,304	62	26.95	1	1.7	1.7
1955	5,159	119	23.16	2	1.9	1.9
1956	3,211	102	31.71	1	1.4	1.4
1957	3,277	97	29.70	1	1.5	1.5
1958	3,622	130	35.86	2	1.3	1.3
1959	3,880	152	39.27	2	1.1	1.1

Source: Dominion Bureau of Statistics

Table 12

Imports by Province of Customs Clearance:(a)  
Cut nails, of iron or steel, coated or not, s.c. 5391

<u>Province</u>		<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>	<u>1959</u>
N.S.	cwt.	122	8	7	111	5
	\$	979	145	114	1,256	136
N.B.	cwt.	180	260	90	60	101
	\$	1,382	2,246	794	564	1,052
Que.	cwt.	7,421	3,203	1,827	2,495	728
	\$	57,447	25,276	17,844	21,780	6,961
Ont.	cwt.	1,783	1,449	1,519	1,972	2,271
	\$	65,717	64,895	60,640	85,093	94,164
Man.	cwt.	418	406	375	633	1,090
	\$	11,704	17,870	15,663	26,069	41,785
Sask.	cwt.	59	45	89	-	31
	\$	788	653	1,297	-	462
Alta.	cwt.	202	5	-	-	-
	\$	1,793	86	-	-	-
B.C.	cwt.	930	1,039	182	258	293
	\$	20,918	13,730	8,157	10,675	12,581
Nfld.	cwt.	30	35	30	25	-
	\$	341	532	246	396	-
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
CANADA	cwt.	11,145	6,450	4,119	5,554	4,519
	\$	161,069	125,433	104,755	145,833	157,141

(a) The Province of customs clearance need not necessarily be the Province of final consumption

Source: Dominion Bureau of Statistics



Table 13

Imports: Wire nails less than one inch in length, and nails and  
brads, n.o.p., of iron or steel, coated or not, s.c. 5395(a)

Tariff Item 430e, 430g<sup>(b)</sup>

China 1935-1959, 1968					Duty as Per Cent of	
Year	Volume cwt.	Value \$'000	Unit Value \$/cwt.	Duty Collected \$'000	Total Value	Dutiable Value
1. Total						
1935	434	7	15.67	..	27.7	27.7
1936	405	7	17.55	..	28.8	28.8
1937	632	11	17.51	..	28.8	28.8
1938	735	13	17.37	..	27.0	27.0
1939	632	11	17.63	3	29.4	29.4
1947	2,361	40	17.09	12	29.6	29.9
1948	2,999	69	23.09	21	29.9	29.9
1949	4,823	127	26.28	37	29.3	29.3
1950	3,047	101	33.15	27	26.3	26.3
1951	6,726	156	23.16	33	20.9	21.6
1952	2,984	89	29.70	20	22.8	22.8
1953	3,363	88	26.07	22	24.5	24.5
1954	3,163	92	29.09	22	23.8	23.8
1955	3,872	114	29.38	28	24.7	24.7
1956	3,970	119	30.02	29	24.6	24.6
1957	3,702	116	31.34	29	25.0	25.0
1958	2,531	87	34.29	22	25.4	25.4
1959	3,946	114	28.81	29	25.7	25.7
2. United Kingdom						
1935	119	1	8.54	..	16.2	16.2
1936	92	1	9.86	..	15.8	15.8
1937	105	1	9.73	..	17.4	17.4
1938	196	3	14.51	..	15.7	15.7
1939	52	1	10.52	*	17.4	17.4
1947	1	*	158.03	*	7.3	7.3
1948	4	*	71.00	*	15.0	15.0
1949	206	6	27.00	1	15.0	15.0
1950	1,063	25	23.33	4	15.0	15.0
1951	3,965	72	18.22	10	13.6	13.6
1952	1,060	33	31.30	5	15.0	15.0
1953	1,007	21	20.63	3	15.0	15.0
1954	1,102	28	24.96	4	15.0	15.0
1955	1,048	25	23.80	4	15.0	15.0
1956	998	27	27.20	4	15.0	15.0
1957	940	24	25.10	4	15.0	15.0
1958	513	15	28.58	2	15.0	15.0
1959	807	17	20.84	3	15.0	15.0

(cont'd)

Table 13  
(cont'd)

<u>Year</u>	<u>Volume</u> cwt.	<u>Value</u> \$'000	<u>Unit</u> <u>Value</u> \$/cwt.	<u>Duty</u> <u>Collected</u> \$'000	<u>Duty as Per Cent of</u> <u>Total</u> <u>Value</u>	<u>Dutiable</u> <u>Value</u>
<u>3. United States</u>						
1935	303	5	18.03	..	30.0	30.0
1936	243	5	22.13	..	30.0	30.0
1937	424	8	18.65	..	30.0	30.0
1938	355	7	19.63	..	30.0	30.0
1939	475	9	19.62	3	30.0	30.0
1947	2,360	40	17.02	12	29.7	30.0
1948	2,995	69	23.03	21	30.0	30.0
1949	4,593	120	26.13	36	30.0	30.0
1950	1,910	73	38.18	22	30.0	30.0
1951	2,632	78	29.76	21	27.1	28.9
1952	1,790	50	23.06	14	27.5	27.5
1953	1,946	57	29.44	16	27.5	27.5
1954	1,705	53	31.06	15	27.5	27.5
1955	2,119	68	31.87	19	27.5	27.5
1956	2,648	78	29.55	21	27.5	27.5
1957	2,408	80	33.28	22	27.5	27.5
1958	1,689	61	36.19	17	27.5	27.5
1959	2,589	84	32.56	23	27.5	27.5
<u>4. Germany(c)</u>						
1935-36	..	..	..	..	30.0	30.0
1937	102	2	19.10	..	30.0	30.0
1938	157	3	16.83	..	30.0	30.0
1939	55	1	16.97	*	30.0	30.0
1947-48	-	-	-	-	-	-
1949	24	1	47.89	*	30.0	30.0
1950	74	3	44.29	1	30.0	30.0
1951	129	5	40.28	2	29.0	29.0
1952	133	5	39.04	1	27.5	27.5
1953	190	8	41.30	2	27.5	27.5
1954	300	10	34.39	3	27.5	27.5
1955	523	18	33.81	5	27.5	27.5
1956	261	10	36.43	3	27.5	27.5
1957	245	9	36.54	2	27.5	27.5
1958	255	10	37.85	3	27.5	27.5
1959	236	10	40.49	3	27.5	27.5

(a) Beginning in 1959, includes spikes of iron or steel, coated or not (previously classified under s.c. 5392) and reads: "Nails, brads and spikes, n.o.p., of iron or steel, coated or not"

(b) Included under s.c. 5392 prior to 1959

(c) Beginning in 1952, West Germany only

Table 14

Imports by Province of Customs Clearance:(a)  
 Wire nails less than one inch in length, and nails and  
brads, n.o.p., of iron or steel, coated or not, s.c. 5395

<u>Province</u>		<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>	<u>1959</u>
N.S.	lbs.	6,473	12,184	15,622	6,830	5,752
	\$	1,427	2,012	2,316	1,632	1,354
P.E.I.	lbs.	1,400	750	1,175	225	100
	\$	231	180	281	125	194
N.B.	lbs.	10,575	7,500	5,210	5,687	4,654
	\$	1,980	1,564	1,480	1,469	577
Que.	lbs.	98,407	111,750	118,284	119,995	181,883
	\$	30,954	38,081	39,792	39,490	53,792
Ont.	lbs.	222,007	205,391	198,270	88,559	183,714
	\$	65,685	63,895	62,559	34,881	51,020
Man.	lbs.	7,726	4,555	4,938	6,701	-
	\$	3,797	1,521	1,717	1,275	-
Sask.	lbs.	2,100	2,782	6,000	-	400
	\$	594	1,050	1,753	-	213
Alta.	lbs.	2,872	2,809	2,648	2,700	1,100
	\$	776	1,497	916	1,228	478
B.C.	lbs.	17,619	37,260	11,663	11,222	7,987
	\$	4,478	6,640	3,436	3,276	3,087
Yukon	lbs.	120	-	-	-	-
	\$	54	-	-	-	-
Nfld.	lbs.	17,870	12,047	6,424	11,137	9,026
	\$	3,757	2,731	1,779	3,409	2,966
CANADA	lbs.	387,169	397,028	370,234	253,056	394,616
	\$	113,733	119,171	116,029	86,785	113,681

(a)The Province of customs clearance need not necessarily be the  
 Province of final consumption

Source: Dominion Bureau of Statistics

Table 15

Imports: Tacks of all kinds, n.o.p., s.c. 5393

Tariff Item 430e

April 1960 4500

Year	Volume cwt.	Value \$'000	Unit Value \$/cwt.	Duty Collected \$'000	Duty as Per Cent of	
					Total Value	Dutiable Value
<u>1. Total</u>						
1935	240	7	30.46	..	29.4	29.4
1936	271	8	30.75	..	29.6	29.6
1937	261	8	30.48	..	29.4	29.4
1938	216	6	26.08	..	29.6	29.6
1939	222	7	31.84	2	29.8	29.8
1947	98	4	40.64	1	30.0	30.0
1948	159	8	48.48	2	30.0	30.0
1949	610	20	32.86	5	27.3	27.3
1950	327	15	45.28	4	28.6	28.6
1951	427	15	34.88	4	25.2	25.2
1952	326	11	34.69	3	23.6	23.6
1953	594	20	32.86	5	24.3	24.3
1954	512	14	27.70	4	25.1	25.1
1955	498	17	33.60	4	23.0	23.0
1956	574	19	33.16	5	25.6	25.6
1957	508	20	40.34	5	25.2	25.2
1958	666	24	36.05	6	25.1	25.1
1959	1,267	39	31.06	9	23.9	23.9
<u>2. United Kingdom</u>						
1935	26	*	11.76	..	15.0	15.0
1936	32	*	9.13	..	17.1	17.1
1937	17	*	12.40	..	15.0	15.0
1938	19	*	9.67	..	15.0	15.0
1939	6	*	11.64	*	15.0	15.0
1947-48	-	-	-	-	-	-
1949	68	4	53.01	1	15.0	15.0
1950	51	1	28.01	*	15.0	15.0
1951	168	4	23.78	1	15.0	15.0
1952	111	4	32.21	1	15.0	15.0
1953	176	5	28.28	1	15.0	15.0
1954	151	3	18.21	*	15.0	15.0
1955	215	6	27.99	1	15.0	15.0
1956	126	3	23.11	*	15.0	15.0
1957	149	4	25.54	1	15.0	15.0
1958	193	5	24.09	1	15.0	15.0
1959	443	11	25.41	2	15.0	15.0

(cont'd)

Table 15  
(cont'd)

<u>Year</u>	<u>Volume</u> cwt.	<u>Value</u> \$'000	<u>Unit</u> <u>Value</u> \$/cwt.	<u>Duty</u> <u>Collected</u> \$'000	<u>Duty as Per Cent of</u>	
					<u>Total</u> <u>Value</u>	<u>Dutiable</u> <u>Value</u>
<u>3. United States</u>						
1935	211	7	32.83	..	30.0	30.0
1936	197	7	36.93	..	30.0	30.0
1937	170	6	35.67	..	30.0	30.0
1938	173	5	28.44	..	30.0	30.0
1939	210	7	32.80	2	30.0	30.0
1947	98	4	40.64	1	30.0	30.0
1948	159	8	48.48	2	30.0	30.0
1949	542	16	30.35	5	30.0	30.0
1950	255	12	48.47	4	30.0	30.0
1951	244	10	41.84	3	29.0	29.0
1952	209	7	35.74	2	27.5	27.5
1953	327	12	37.79	3	27.5	27.5
1954	173	8	45.92	2	27.5	27.5
1955	220	9	39.91	2	27.5	27.5
1956	413	15	36.40	4	27.5	27.5
1957	225	12	54.47	3	27.5	27.5
1958	314	13	41.26	4	27.5	27.5
1959	524	21	39.84	6	27.5	27.5

Source: Dominion Bureau of Statistics



Table 16

Imports by Province of Customs Clearance:(a)  
Tacks of all kinds, n.o.p., s.c. 5393

<u>Province</u>		<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>	<u>1959</u>
N.S.	lbs.	-	447	81	641	925
	\$	-	267	69	276	195
N.B.	lbs.	-	-	500	1,150	2,075
	\$	-	-	377	307	457
Que.	lbs.	10,737	24,982	17,205	32,115	72,052
	\$	4,077	7,691	6,309	9,883	21,090
Ont.	lbs.	25,594	27,369	24,959	26,689	41,969
	\$	8,913	9,468	11,572	11,475	14,388
Man.	lbs.	495	629	732	-	2,202
	\$	153	232	209	-	771
Sask.	lbs.	-	500	140	400	-
	\$	-	149	52	78	-
Alta.	lbs.	750	-	1,581	1,011	2,650
	\$	271	-	507	390	1,095
B.C.	lbs.	3,488	60	132	1,919	2,776
	\$	1,282	56	150	843	872
Yukon	lbs.	-	812	-	-	-
	\$	-	145	-	-	-
Nfld.	lbs.	8,724	2,559	5,461	2,671	2,069
	\$	2,031	1,010	1,242	753	493
CANADA	lbs.	49,788	57,358	50,791	66,596	126,718
	\$	16,727	19,018	20,487	24,005	39,361

(a) The Province of customs clearance need not necessarily be the Province of final consumption

Source: Dominion Bureau of Statistics

## Canadian Exports of Nails and Tacks of Iron or Steel

Year	Wire Nails (s.c. 5510)			Other Nails (s.c. 5520)			(a) Tacks of all Kinds (s.c. 5515)			TOTAL NAILS AND TACKS	
	Volume '000 cwt.	Value \$'000	Unit Value \$/cwt.	Volume '000 cwt.	Value \$'000	Unit Value \$/cwt.	Volume '000 cwt.	Value \$'000	Unit Value \$/cwt.	Volume '000 cwt.	Value \$'000
1935	141	382	2.70	78	302	3.85				219	684
1936	122	326	2.66	103	358	3.47				225	684
1937	158	470	2.97	71	292	4.09				229	762
1938	162	540	3.33	71	280	3.94				233	820
1939	161	492	3.06	82	276	3.35				243	768
1947	1	4	5.96	5	43	9.33				24	449
1948	37	364	9.81	2	27	11.16	18	402	22.06	54	689
1949	10	109	10.99	1	11	18.85	15	298	19.87	19	268
1950	*	4	8.07	1	11	10.16	8	148	19.22	11	200
1951	1	9	12.35	1	14	14.25	10	185	17.82	10	202
1952	2	18	8.07	1	13	15.19	8	179	23.79	13	264
1953	*	2	12.07	*	7	15.75	10	233	23.44	8	145
1954	*	4	11.14	*	7	14.17	8	136	16.78	5	112
1955	11	117	10.85	2	31	14.25	5	101	20.97	16	211
1956	8	100	12.13	3	41	14.83	3	63	21.22	15	220
1957	6	78	12.09	2	22	13.43	4	79	20.71	11	174
1958	5	67	12.33	2	22	13.43	3	74	21.75	11	174
1959	48	528	11.00	1	23	17.35	3	74	23.08	9	164
				1	25	27.41	4	82	20.86	53	635

Included with "Other Nails"

(a) Includes cut nails and various special nails

Source: Dominion Bureau of Statistics

History of the Tariff ItemsTariff Item 430c

Wire roofing nails of all sizes and wire nails one inch or more in length, of iron or steel, coated or not

	<u>British Preferential</u>	<u>Most-Favoured- Nation</u>	<u>General</u>
1930, May 2 per one hundred pounds	40 cts.	55 cts.	60 cts.
Previously classified under <u>tariff item 416</u> , viz.:			

Wire nails of all kinds, n.o.p.

1906, November 30 per one hundred pounds	40 cts.	55 cts.	60 cts.
---	---------	---------	---------

Tariff Item 430d

Cut nails, of iron or steel, coated or not

1930, May 2 per one hundred pounds	30 cts.	45 cts.	50 cts.
Previously classified under <u>tariff item 414</u> , viz.:			

Iron or steel cut nails and spikes (ordinary builders'); and railroad spikes

1906, November 30 per one hundred pounds	30 cts.	45 cts.	50 cts.
---	---------	---------	---------

Tariff Item 430e

Wire nails less than one inch in length, and nails, brads or tacks of all kinds, n.o.p., of iron or steel, coated or not

1951, June 6 (GATT)		27½ p.c.	
1930, May 2	15 p.c.	30 p.c.	30 p.c.
Previously classified under tariff item 416 (see above) or 417, viz.:			

Nails, brads, spikes and tacks of all kinds, n.o.p.

1906, November 30	20 p.c.	30 p.c.	35 p.c.
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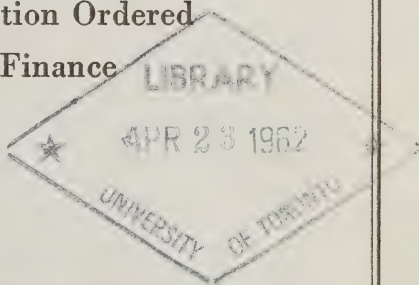
Tariff Board

Report by

# THE TARIFF BOARD

*in Reference 128*

Relative to the Investigation Ordered  
by the Minister of Finance  
respecting



**ENGINEERS' AND ARCHITECTS'  
PLANS, DRAWINGS AND BLUE PRINTS**

**Reference No. 128**

*1962*



CAI FM 55  
-62428



Report by  
**THE TARIFF BOARD**

Relative to the Investigation Ordered  
by the Minister of Finance  
respecting

**ENGINEERS' AND ARCHITECTS'  
PLANS, DRAWINGS AND BLUE PRINTS**

***Reference No. 128***



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QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1962

## THE TARIFF BOARD

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## PANEL FOR THIS INQUIRY

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G.A. Elliott              Member

E.C. Gerry                Member

---

Economist: J.W. Morrow, Assistant Director of Research



The Honourable Donald M. Fleming, P.C., Q.C., M.P.,  
Minister of Finance,  
Ottawa, Ontario.

Dear Mr. Fleming:

I refer to your letter of July 8, 1960, in which you requested the Tariff Board to conduct an inquiry respecting engineers' and architects' plans, drawings and blue prints.

In conformity with Section 6 of the Tariff Board Act, I have the honour to transmit the Report of the Board relating to engineers' and architects' plans, drawings and blue prints. A copy of the transcript of the proceedings at the public hearings accompanies the Report.

Yours sincerely,

A handwritten signature in dark ink, appearing to read "J. C. Audette", followed by a long, horizontal, wavy flourish.

Chairman





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Explanation of Symbols Used

- Denotes nil or zero
- .. Indicates that figures are not available
- \* Indicates a reported figure which disappears on rounding
- (a) A small letter in brackets denotes a footnote to a table
- (1) A number in brackets denotes a footnote to the text
- s.c. Denotes an import statistical class



## THE TARIFF BOARD

Reference No. 128

An Inquiry Respecting Engineers' and Architects'  
Plans, Drawings and Blue Prints

The text of the letter from the Minister of Finance, dated July 8, 1960, directing the Tariff Board to conduct an inquiry respecting engineers' and architects' plans, drawings and blue prints is as follows:

"Last year the House of Commons' Standing Committee on Estimates recommended that consideration be given to clarifying the interpretation of tariff items 180e and 180f. These items refer to engineers' and architects' plans, drawings and blue-prints, and have given rise to problems relating to rates of duty and the determination of values for duty purposes.

Accordingly, I direct the Tariff Board to make a study and report under section 4(2) of the Tariff Board Act of tariff items 180e and 180f and the method of determining the value for duty purposes of the goods specified in these items.

If the Board's study should indicate that amendments to the Customs Tariff are desirable, I would request the Board to prepare a revised tariff item or items, with recommendations as to rates of duty."

At present, tariff items 180e and 180f are as follows:

Item 180e

Engineers' plans, drawings or blue-prints of machines and plant equipment, plant layouts, foundations for machinery and other plant equipment, structural supports and towers and similar outside structures, dams, spillways and other hydro construction, wiring, piping, platforms, ladders, stairs, etc., not to include office or other buildings

<u>British Preferential Tariff</u>	<u>Most-Favoured- Nation Tariff</u>	<u>General Tariff</u>
Free	Free	Free



Item 180f

Blue prints, building plans, maps and charts, n.o.p.

<u>British Preferential Tariff</u>	<u>Most-Favoured- Nation Tariff</u>	<u>General Tariff</u>
12½ p.c.	20 p.c.	22½ p.c.

The importations under tariff items 180e and 180f are, in the main, the products of engineers and architects working either as consultants or as employees in industry. Industrial concerns, as clients of engineering and architectural consultants and as manufacturers of articles which have been designed, are undoubtedly the principal importers.

The types of plans, drawings and blue prints imported under tariff item 180e are clearly specified in the item. Most imports under tariff item 180f are believed to consist of plans of buildings and other types of construction and of designs of a wide range of manufactures. There is provision elsewhere in the Customs Tariff for most artists' drawings and for drawings of wearing apparel, of wall or floor coverings and of textile fabrics. Most maps and charts are also provided for elsewhere although some, for example those prepared by architects in connection with town planning, are entered under tariff item 180f.

A public hearing before the Board respecting this reference was held at Ottawa on February 13, 14 and 15, 1961. Representations were made to the Board by the following companies, associations and other interested parties:

## Representations:

Air Industries and Transport Association of Canada, Ottawa, Ont.  
 Automotive Parts Manufacturers' Association (Canada), Toronto, Ont.  
 Broome, Ernest J., M.P., Ottawa, Ont.  
 Brown & Root Limited, Calgary, Alta.  
 Canadian Association of British Manufacturers and Agencies, The,  
 Toronto, Ont.  
 Canadian Automobile Chamber of Commerce Incorporated, Toronto, Ont.  
 Canadian Bechtel Limited, Toronto, Ont.  
 Canadian Construction Association, Ottawa, Ont.  
 Canadian Council of Professional Engineers, The, Ottawa, Ont.  
 Canadian Electrical Manufacturers Association, Toronto, Ont.  
 Canadian Importers and Traders Association, Toronto, Ont.  
 Canadian Institute of Steel Construction, Toronto, Ont.  
 Canadian Manufacturers' Association, The, Toronto, Ont.  
 Dominion Brewers Association, Ottawa, Ont.  
 Dorr-Oliver-Long Limited, Orillia, Ont.  
 Electronic Industries Association of Canada, Toronto, Ont.  
 Fluor Corporation of Canada Limited, The, Toronto, Ont.  
 Jones, Edward Lewis, & Associates, Calgary, Alta.  
 Lummus Company Canada Limited, The, Montreal, P.Q.  
 Machinery & Equipment Manufacturers' Association of Canada,  
 Montreal, P.Q.  
 Milne, Gilmore & German, Montreal, P.Q.  
 Parker, C.C., Whittaker & Company Limited, Calgary, Alta.  
 Royal Architectural Institute of Canada, The, Ottawa, Ont.  
 Simons, H.A. Limited, Vancouver, B.C.  
 Toronto Iron Works, Limited, The, Toronto, Ont.



## PART I

The Engineering and Architectural Professions  
in Canada

The professions of engineering and architecture are governed and regulated by the Provinces in collaboration with the appropriate professional bodies. The laws and regulations differ from province to province but they do have many features in common. In general, certain classes of work in a province may be performed only by engineers or architects entitled to practise in that province.

While there is nothing to prevent the importation of designs, plans, drawings or blue prints<sup>(1)</sup>, their use in Canada may be discouraged as a result of provincial laws and regulations. The evidence at the public hearing indicated that engineers' plans are imported in considerable volume, but that the use in Canada of imported architectural plans is often difficult. The spokesman for the Canadian Association of British Manufacturers and Agencies made the following reply when asked if any volume of architects' plans crossed the ocean:

"I would doubt it; and I think one of the reasons, if I may say so, would be that the architects in Canada have very friendly relations with their confreres in Britain as in many other countries, and I would imagine that if a British architect was engaged, by any chance, by a Canadian owner the first thing that he would do would be to consult with a confrere of his in Canada and probably delegate his authority to the Canadian architect; and I don't think, indeed, that the plans would be imported from Britain in the architectural sense."<sup>(2)</sup>

The spokesman for the Canadian Council of Professional Engineers stated:

"... the architects in Canada have stricter laws, and in most provinces will insist that any foreigner coming into Canada must practice in collaboration with a Canadian architect. In the engineering field the only province that has such a requirement - and it is rather a recent one - is the province of Quebec. They have had it for a long time on the books, and it was not enforced, but they have found now that they have had to enforce it. In the other provinces, any foreign engineer who has the necessary qualifications may obtain a license to practice without the necessity of acting in collaboration with a Canadian engineer."<sup>(3)</sup>

- (1) Designs, plans, drawings and blue prints are often referred to collectively as plans henceforth in this Report.
- (2) Official Report respecting Engineers' and Architects' Plans, Drawings and Blue Prints (henceforth cited as Official Report), Volume 3, page 422
- (3) Ibid, Volume 3, page 426

Tables 1 and 2 in Appendix 1 provide an indication of the growth in numbers of engineers and architects in Canada over the past 30 years. There were 31,626 engineers and 1,740 architects reported in the Decennial Census of 1951. Judging from university graduations and net immigration, it is likely that over 45,000 engineers will be reported in the Census of 1961. In its submission, the Royal Architectural Institute of Canada estimated the number of architects in Canada to be about 2,400.

The Department of Labour has estimated that about 70 per cent of the architects in Canada work in small establishments providing architectural services. Others work in government agencies, in universities and in industry. In contrast with the architects, a large proportion of the engineers work in industry while a relatively small proportion provide independent consulting services.

The demand for engineers varies rather widely according to economic conditions. Engineers were in short supply in Canada and elsewhere during most of the period from 1946 until the end of 1956. Since 1956, supply and demand in Canada have been approximately in balance, partly because of an increase in the number of engineers and partly because of a fall in the rate of industrial growth. The number of graduates in engineering has increased each year since 1954 and, judging from university enrolments, will continue to increase in the foreseeable future. Compared with 1,171 graduates in 1954 and 2,039 in 1960, the annual rate is expected to approach 3,000 by 1962. Net immigration of engineers was high from 1952 to 1957 inclusive, but emigration of engineers exceeded immigration in 1959 and 1960.

There has been a rapid increase both in the supply of and the demand for architects since the war. The numbers graduating from Canadian universities in recent years have been about triple those in the 1930's. In addition, net immigration has been large, and actually exceeded university graduations in the period 1950 to 1958 inclusive.



## PART II

Imports of Plans, Drawings and Blue Prints

The value of the imports under existing tariff items 180e and 180f is shown in the following table.

Imports - Blue prints and building plans, maps and charts, n.o.p., and engineers' drawings used in the construction of hydro plants, s.c. 4263

(\$000)

	Total		U.K.		U.S.	
	Dutiable	Free	Dutiable	Free	Dutiable	Free
1937(a)	150	-	10	-	140	-
1938(a)	112	-	13	-	98	-
1939(a)	189	-	24	-	165	-
1945(a)	370	-	12	-	357	-
1946(a)	921	255	7	7	914	248
1947	329	515	11	3	318	512
1948	233	585	11	7	222	579
1949	452	1,324	21	12	429	1,301
1950	259	1,900	11	11	248	1,889
1951	539	2,650	30	9	509	2,640
1952	213	3,662	9	11	203	3,644
1953	635	5,378	9	14	620	5,363
1954	227	2,051	5	51	220	1,999
1955	401	3,244	4	42	393	3,200
1956	373	4,302	8	42	356	4,252
1957	658	5,113	9	52	614	4,995
1958	854	4,801	18	40	832	4,745
1959	545	6,335	19	26	534	6,296
1960(b)	5,966		137		5,361	

(a) All plans were dutiable prior to June 27, 1946.

(b) Statistics segregating dutiable from free imports in 1960 are not yet available.

The dutiable imports since 1946 have consisted of the types which now enter under tariff item 180f<sup>(1)</sup>; the duty-free imports have consisted almost entirely of those which now enter under tariff item 180e<sup>(2)</sup>.

(1) They entered under tariff item 180 prior to March 15, 1957.

(2) Wall charts, maps and posters of an international scientific or cultural character, imported under tariff item 696a are included in s.c. 4263 with imports under tariff item 180e, but are believed to have been very small in value.



An analysis of imports during the first quarter of 1960 was made by grouping all the import entries according to their value,<sup>(1)</sup> with the following results.

Import Entries By Value Classes,  
February, March and April, 1960

	<u>Under \$500</u>	<u>\$500 to \$999</u>	<u>\$1,000 to \$9,999</u>	<u>\$10,000 and over</u>	<u>Total</u>
<u>Dutiable</u>					
Number of entries	226	17	23	2	268
Total value (\$)	36,055	12,409	60,070	101,476	210,010
Average value (\$)	160	730	2,612	50,738	54,240
<u>Duty-Free</u>					
Number of entries	646	32	57	13	748
Total value (\$)	95,379	22,450	167,075	2,245,360	2,530,264
Average value (\$)	148	701	2,931	172,720	176,500

A small proportion of the entries, probably consisting of original plans, accounted for most of the total value of imports during these three months. At the same time, most of the entries were small in value and were probably copies of plans which had already been used in the country of origin.

Most imported plans for buildings and other construction are dutiable and are entered under tariff item 180f.<sup>(2)</sup> Total imports of dutiable plans, which include certain other types as well as those for construction, reached a peak of \$854,000 in 1958. In that year the total value of building construction in Canada was over four billions of dollars. If plans were required for half the value of that construction and if they were valued at three per cent of cost of construction, then \$60 million worth of building plans would have been required for the total building construction program of that year. While these figures are only rough approximations, they serve to illustrate that imported building plans have played a very minor role in Canadian construction.

Imports under tariff item 180e have been much larger than those under tariff item 180f. They have fluctuated considerably in value from year to year but have exhibited a pronounced upward trend. While there are no statistics of Canadian output of engineers' plans comparable with the statistics of imports under tariff item 180e, there are indications that these imports have grown in relative importance as well as in absolute value.

The representations made at the public hearing shed considerable light on the types of plans which are imported under tariff item 180e. The United States is a leader in the development of manufacturing processes and layouts. Consultants from that country are

<sup>(1)</sup> The methods used in valuing imported blue prints are described in Part IV of this Report.

<sup>(2)</sup> The exceptions are the plans for construction of the types specified in tariff item 180e.

frequently retained to design Canadian manufacturing facilities, whether as a matter of choice or because of a lack of certain classes of engineering specialists in Canada. Many examples were cited at the public hearing; Canadian breweries are usually designed in the United States by specialists; chemical manufacturing and petroleum refining facilities are often designed in the United Kingdom or in the United States. Non-resident interests, when establishing plants in Canada, often bring their plans with them. Altogether, it appears to be mainly in the design of plant processes and layouts that Canadian consulting engineers feel the impact of imports under tariff item 180e. Little reference was made at the public hearing to imports of plans for such projects as Canadian public works or hydro-electric power facilities.

In addition many reproductions of plans for machines and plant equipment already in production elsewhere are imported under tariff item 180e. Very little of the machinery produced in Canada is entirely of Canadian design. To cite one prominent example, automobiles, including most of the component parts, are produced largely from imported standard plans. Even machinery designed in Canada, such as paper making machinery, almost always contains components produced from imported standard plans. Standard plans of machinery are imported, not only for purposes of production, but also for distribution to servicing establishments, to salesmen, and for other purposes as well. Most importations of standard plans are the products of previous United States industrial research, and no suggestions were made at the public hearing that payment of duty should be required for access to the results of this work.

There are a number of factors which may have contributed to the rapid growth of imports under tariff item 180e. Prior to 1946 the types of plans which are now entered free of duty were dutiable at a most-favoured-nation rate of 20 p.c. and a preferential rate of  $12\frac{1}{2}$  p.c. The removal of these duties may have contributed to the increase in imports, although the upward trend was evident even earlier. The rapid rate of industrial expansion experienced in many of the years since the end of World War II was a major factor in the stimulation of these imports of plans; however, the value of these importations has risen even more rapidly than might have been expected in the light of the rate of increase in capital expenditures and in other indicators of industrial expansion.

Other factors, some of them technological, must also have stimulated imports under tariff item 180e. The increasing control of Canadian industry by United States residents was one such factor, the importance of which is hard to assess. The amount of capital controlled by United States residents rose from \$2.3 billion in 1945 to about \$10 billion in 1959; these figures exclude portfolio investments and other classes of investment not directly controlled by United States residents. In the period 1955-1957 about 51 per cent of all Canadian manufacturing and mining including petroleum and gas was under the control of United States residents, compared with about 38 per cent in 1948 and 33 per cent in 1939. In addition, many enterprises controlled in Canada have been heavily dependent upon the United States as a source of funds; this dependence may in some cases have

made it advantageous to retain consultants who were well known to the financial houses of the United States.

The imports do not appear to have been related, in any simple or direct way, to differences between prices in Canada and elsewhere. A number of persons testified that the fees of Canadian consulting engineers are not very different from those in the United States. At the same time a large and mature industrial society like that in the United States undoubtedly has certain competitive advantages in this field.

## PART III

Rates of Duty and NomenclatureTariff History

The words "blue prints, building plans, maps and charts, n.o.p." have been in the Customs Tariff since 1897. They were incorporated in tariff item 180 in 1906, and all engineers' and architects' plans, drawings and blue prints were classified under that item until June 27, 1946 at the following rates of duty:

	<u>British Preferential</u>	<u>Most-Favoured- Nation</u>	<u>General</u>
November 30, 1906 to March 20, 1910:	15 p.c.	22½ p.c.	25 p.c.
March 21, 1910 to June 9, 1933:	15 p.c.	22½ p.c.	22½ p.c.
June 10, 1933 (Canada-France Trade Agreement) to February 25, 1937:	15 p.c.	22½ p.c.	22½ p.c.
less		10 p.c.	
February 26, 1937 to December 31, 1938:	12½ p.c.	22½ p.c.	22½ p.c.
less		10 p.c.	
January 1, 1939 to June 27, 1946:	12½ p.c.	20 p.c.	22½ p.c.

On June 28, 1946 duty-free entry for a wide range of engineers' plans, drawings and blue prints was provided in tariff item 180e:

"Engineers' plans, drawings or blue-prints of machines and plant equipment, plant layouts, foundations for machinery and other plant equipment, structural supports and towers and similar outside structures, dams, spillways and other hydro construction, wiring, piping, platforms, ladders, stairs, etc., not to include office or other buildings"

<u>British Preferential</u>	<u>Most-Favoured- Nation</u>	<u>General</u>
Free	Free	Free

Other engineers' and architects' plans, drawings and blue prints continued to be classified under tariff item 180 at a preferential rate of 12½ p.c., a most-favoured-nation rate of 20 p.c. and a general rate of 22½ p.c.



There have been no changes in the duties on engineers' and architects' plans, drawings and blue prints since June 28, 1946. On March 15, 1957, however, the words "blue prints, building plans, maps and charts, n.o.p." were transferred without change in the rates of duty from tariff item 180 to tariff item 180f which was established at that time.

On August 8, 1950 the Minister of Finance referred to the Tariff Board for study and report tariff item 180e and the method to be followed in determining value for duty of architects' and engineers' plans, drawings and blue prints. The Engineering Institute of Canada, the Corporation of Professional Engineers of the Province of Quebec and others asked for an increase in duties. On the other hand, a number of important professional engineering bodies made no representations. The Association of Professional Engineers of the Province of Ontario, whose membership at that time included 8,600 registered engineers, disassociated itself from the brief of the Engineering Institute of Canada because of a divergence of opinion among its members. A large number of manufacturers appeared at the public hearing to oppose any change in tariff item 180e.

In its report, which was completed in 1952, the Board gave its opinion that the evidence submitted did not warrant any change in the rate of duty carried by tariff item 180e at that time.<sup>(1)</sup>

#### Treatment of Imports by the United Kingdom and the United States

The Customs Tariff of Great Britain and Northern Ireland contains the following item:

	Rate of Duty	
	<u>Full</u>	<u>Preferential</u>
49.06 Plans and drawings, for industrial architectural, engineering, commercial or similar purposes, whether original or reproductions on sensitized paper; manuscripts and typescripts	Free	Free

Plans, drawings and blue prints imported into the United States are dutiable under paragraph 1410 of the United States Tariff Act of 1930 at 10½ per cent ad valorem. In addition, Section 308(4) of the United States Tariff Act provides for conditional free entry under a one-year bond without payment of duty of:

"Articles intended solely for testing, experimental, or review purposes, including plans, specifications, drawings, blue prints, photographs, and similar articles for use in connection with experiments or for study."

<sup>(1)</sup> Engineers and Architects Plans, Tariff Board, 1952, page 14.

The bond which is required amounts to one and one-fourth the estimated duties. The period of the bond may, upon application, be extended as much as two additional years. If the imported articles are exported or destroyed under government supervision within the period of the bond, no duty is payable.





## PART IV

Valuation for DutyMethods Used in Canada

Part II, Article VII, Paragraph 2(a) of the General Agreement on Tariffs and Trade, to which Canada is a signatory, states:

"The value for customs purposes of imported merchandise should be based on the actual value of the imported merchandise on which duty is assessed, or of like merchandise, and should not be based on the value of merchandise of national origin or on arbitrary or fictitious values"

Imports into Canada are normally appraised for duty at the fair market value in country of origin by one or other of the several methods prescribed in Sections 36 and 37 of the Customs Act and in a number of other sections which provide for special cases of various kinds. Plans, drawings and blue prints are appraised under the authority of Section 38(d) which provides:

"38. Where in any case or class of cases

(a) ...

(d) the Minister is of the opinion that by reason of unusual circumstances the application of sections 36 and 37 is impracticable,

the value for duty shall be determined in such manner as the Minister prescribes."

The prescriptions currently in use for determining value for duty of plans are contained in Memorandum D46-13 issued by the Department of National Revenue.<sup>(1)</sup> These prescriptions, as they apply to plans for buildings and to plans other than for buildings, are summarized in Tables I and II on the following pages.

Complete sets of original plans for buildings are normally valued at three per cent of cost of construction, or at one per cent if the buildings are to house process equipment in "heavy industries". Some of the industries which are classified as "heavy" are specified in Section 1(c) of Memorandum D46-13. In general, industries which turn out consumers' goods are not regarded as "heavy"; indeed, the automobile industry is not treated as a heavy industry.

The Board is informed that original plans of buildings which do not constitute complete sets of working plans are valued at cost of production plus 25 per cent according to the formula in Section 4 of the Memorandum. Standard plans, such as plans of

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(1) The Memorandum is reproduced in Appendix 2.

Table I

Plans for Buildings - Valuation for Duty

Description in Department of National Revenue Memorandum D46-13	Method of Valuation
1(a) - Architects' plans or drawings of buildings or additions to or alterations of buildings, or blueprints as substitutes therefor	Three per cent of cost of construction
1(b) - Standard house plans produced in quantity for sale, advertised at so much per set	The open market selling price of the plans in the country of export, but not less than the selling price to the purchaser in Canada
1(c) - Engineers' plans or drawings or blue prints as substitutes therefor for buildings housing process equipment when for paper mills, mining and smelting plants, steel mills, refineries, power plants, and plants of other heavy industries	One per cent of cost of construction
4 - Plans or drawings and blueprints of machines and other articles of equipment specially engineered to order, including standard designs which have been adapted by alterations thereto	Cost of production plus 25%, excluding value of specifications, engineering supervision, and rights to manufacture or market
4(cont'd) - Blueprints of standard designs which in the ordinary course of business have been used in the country of export in the production of standard models of machines and other articles of equipment...blueprints when the machines and other articles of equipment are imported	75 cents per pound
5 - Blueprints or copies of architects' or engineers' plans... after duty has been once paid on the originals or copies thereof...	Cost of production
6 - Competitive plans imported for inspection	May be entered for warehouse subject to payment of duty within 60 days unless rejected and ex-warehoused for exportation

Plans Other than for Buildings - Valuation for DutyDescription in Department of National Revenue Memorandum D46-13      Method of Valuation

2 - Engineers' plans or drawings or blueprints as substitutes therefor covering engineering work such as plant layouts, foundations for machinery and other plant equipment, structural supports and towers and similar outside structures, dams, spillways and other hydro construction, wiring, piping, platforms, ladders, stairs, etc., when for paper mills, mining and smelting plants, steel mills, refineries, power plants and plants of other heavy industries	One per cent of cost of construction
4 - Plans or drawings and blueprints of machines and other articles of equipment specially engineered to order, including standard designs which have been adapted by alterations thereto	Cost of production plus 25%, excluding value of specifications, engineering supervision and rights to manufacture or market
4(cont'd) - Blueprints of standard designs which in the ordinary course of business have been used in the country of export in the production of standard models of machines and other articles of equipment	75 cents per pound
5 - Blueprints or copies of architects' or engineers' plans... after duty has been once paid on the originals or copies thereof...	Cost of production
6 - Competitive plans imported for inspection	May be entered for warehouse subject to payment of duty within 60 days unless rejected and ex-warehoused for exportation



prefabricated structures or parts thereof already in production abroad, are valued at 75 cents per pound. Standard house plans are normally valued at the open market selling price in the country of origin.

Most original plans other than those for buildings are valued at cost of production plus 25 per cent according to the formula in Section 4 of the Memorandum. Exceptions are made of plans of the types specified in Section 2, when for "heavy industries"; these are valued at one per cent of cost of construction. Standard plans are valued at 75 cents per pound.

Competitive plans may be imported free of duty for a period of 60 days provided they are left in a customs warehouse, where they may be inspected. This would apply, for example, to a plan sent to Canada for participation in a competition or to facilitate bidding on a construction project.

### History of Valuation

A number of memoranda and appraisers' bulletins on the valuation of plans, drawings and blue prints have been issued by the Department of National Revenue down through the years. The most salient changes which have been made are outlined below.

Plans for Buildings - In 1895 the valuation of building plans was set at two per cent of the cost of construction or, "if accompanied by details", at three per cent. In 1906 the basic rate for building plans was set at one per cent. It was raised to two per cent in 1920 and to three per cent in 1932, where it has remained.

Additional sets were appraised at \$5.00 each until 1906. Since 1906, they have been appraised at cost of production.

In 1928 it was provided that engineering plans "covering the construction of such structures or buildings as paper mills, power plants, mining and smelting plants, etc." were to be appraised at one per cent instead of two per cent. In 1939, this provision was extended to include plans for buildings for steel mills, refineries and "other heavy industries". There have been no changes of substance in the administrative instructions since 1939.

Plans Other than for Buildings - In 1906 it was provided that "blue prints of cars and machinery, being copies of standard designs" were to be valued at 75 cents per pound. This provision, modified and extended to "other articles of equipment" in 1939, is still in effect.

There is no record that any other special instructions regarding the valuation of plans were issued until the prescriptions at present in effect were introduced in 1939.

Tariff Board Report of 1952 - In its Report of 1952, the Board discussed valuation in the following terms:

"The Board has examined the methods described in Appraisers' Bulletin Misc. No. 6. Undoubtedly there are many ways in which a value for plans could be arrived at. The basic method described in the bulletin establishes as the value of the plans, a fixed percentage of the cost of the building or structure to be erected. This method has certain shortcomings but the Board does not find itself in a position to recommend an alternative method which would result either in a more precise valuation or in greater ease of administration. The Board, however, suggests that in cases where sketch plans only are imported, Customs authorities should give consideration to arriving at a valuation based on a lower percentage of cost than that used when complete plans and working drawings are provided.

The Board also wishes to draw the attention of the Minister to one further point. Customs authorities have in the past valued plans for buildings in general at three per cent of the cost of the finished building, but in the case of plans for buildings to house so-called "heavy" industries, have used a figure of one per cent. The Board sees no valid reason for making this distinction, since virtually the same building might be erected to house either "heavy" or "light" industry. It does not seem logical that the value of the plan should be deemed to vary depending upon the use to which the building is to be put."<sup>(1)</sup>

#### Valuation in the United States

In accordance with the provisions of the Customs Simplification Act of 1956, imports into the United States of plans, drawings and blue prints, when dutiable, are valued under the provisions of Section 402(d) of the United States Tariff Act which states:

##### "d) Constructed Value

For the purpose of this section, the constructed value of imported merchandise shall be the sum of -

- 1) the cost of materials (exclusive of any internal tax applicable in the country of exportation directly to such materials or their disposition, but remitted or refunded upon the exportation of the article in the production of which such materials are used) and of fabrication or other processing of any kind employed in producing such or similar merchandise, at a time preceding the date of exportation of the merchandise undergoing appraisalment which would ordinarily permit

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(1) Engineers' and Architects' Plans, Tariff Board, 1952, pages 14-15



the production of that particular merchandise in the ordinary course of business;

- 2) an amount for general expenses and profit equal to that usually reflected in sales of merchandise of the same general class or kind as the merchandise undergoing appraisement which are made by producers in the country of exportation, in the usual wholesale quantities and in the ordinary course of trade, for shipment to the United States; and
- 3) the cost of all containers and coverings of whatever nature, and all other expenses incidental to placing the merchandise undergoing appraisement in condition, packed ready for shipment to the United States."

It is understood that, in practice, most plans are valued at four dollars per pound.

#### Fees Charged by Engineers and Architects

Engineers and architects are paid for their services in a number of different ways depending upon the type of work, the working relationship with clients or employers, and upon other factors. They may be in the permanent employ of a company, they may be retained on a per diem basis, or their remuneration may be based on a percentage of the total cost of the project on which they are working.

Most designs for machinery and equipment are probably produced by salaried employees of manufacturing concerns. The cost of production can be, and often is, estimated in the normal course of business. Frequently, however, no separate selling price is attached to plans. The production of a plan may simply be part of a larger contract to build a machine. Or, the provision of a plan may be part of a royalty arrangement.

Designs for buildings and other construction projects are frequently produced by consultants who are paid a percentage of the total cost of construction. In return for his fee, the consultant gives general professional advice, prepares plans in the detail required for actual construction, and frequently supervises construction as well. The Schedule of Minimum Fees issued by the Association of Professional Engineers of the Province of Ontario contains the following description of design:

"(a) DESIGN

- (i) analysis of data for design based on requirements established by the client;
- (ii) preparation of preliminary sketches and development specification notes;
- (iii) preparation of working drawings and specifications; and
- (iv) a call for tenders"

The exchange of plans between the client and the consultant is usually provided for as part of the contract between the two parties, although the consultant generally retains ownership of his originals and of the ideas in them. The following provision is contained in a sample contract, the use of which is recommended by the Association of Consulting Engineers of Canada and by many of the provincial engineers' associations:

"If this agreement is on a percentage fee basis the Engineer shall furnish free up to ten sets of blue prints of the final drawings and ten copies of specifications. Prints needed for the proper planning of the work shall be exchanged between the Engineer and Client on a free reciprocal basis. All original drawings, specifications, construction data and documents are the property of the Engineer. The Client is entitled to a copy of the plans and specifications for record purposes only, and he shall not use or permit the use of any of these for the construction of another project without obtaining the consent of and remunerating the Engineer for the use of the said plans and specifications."

Most of the provincial associations of architects and of engineers have established minimum fees for their members. In the Province of Quebec, minimum fees have been established by law.

Architects' Minimum Percentage Fees - Table III on the following page contains a summary of the percentage rates charged by architects for certain classes of service in a number of provinces. For complete service including field supervision, the fees shown vary from 5 per cent to 10 per cent of total cost of construction, depending upon the type of work and the province in which it is to be done. For services up to and including preparation of working plans and drawings with details, the charge is 70 or 75 per cent of the full fee; this could amount to as little as  $3\frac{1}{2}$  per cent and as much as  $7\frac{1}{2}$  per cent of the cost of construction.

Engineers' Minimum Percentage Fees - Manitoba, Ontario, Quebec, Saskatchewan and Yukon have the following schedule of percentage fees for complete design and supervision:

<u>Cost of Work</u>	<u>Fee as Percentage of Cost of Work</u>
Under \$100,000	6.0
\$100,000 to \$200,000	5.5
\$200,000 to \$1,000,000	5.0
\$1,000,000 to \$5,000,000	4.5
\$5,000,000 to \$6,000,000	4.4
\$6,000,000 to \$7,000,000	4.3
\$7,000,000 to \$8,000,000	4.2
\$8,000,000 to \$9,000,000	4.1
\$9,000,000 to \$10,000,000	4.0
Above \$10,000,000	Not less than 4% except with express approval of the Provincial Association

Table III

Architects' Minimum Fees in Six Provinces

<u>Service</u>	<u>Nova Scotia</u>	<u>Quebec</u>	<u>Ontario</u>	<u>Manitoba</u>	<u>Alberta</u>	<u>British Columbia</u>
Full services upon buildings of normal types (% of cost)	6	5	6	6	6	6
Full services upon buildings of simple types, warehouses, factories, rinks, hangars, etc. (% of cost)	5	5	5	5	5	5
Full services upon multiple unit dwellings, apartments, etc. (% of cost)	6(a)	5(a)	6(a)	(b)	6(a)	6(a)
Alterations and reconstruction of existing buildings (% of cost)	8	7½	10	8	8	10
All services up to and including preparation of working plans and drawings with details (% of full fee)	70	70	75	70	75	70

(a) Plus royalty fee  
(b) Not stated

For design only, 60 per cent of the fees shown in the schedule above are charged. This works out to rates of 2.4 per cent to 3.6 per cent of cost of construction. Nova Scotia was, at the time of the public hearing, said to be in the process of adopting the schedule used by Ontario. The schedules used in Newfoundland, British Columbia, New Brunswick and Alberta all differ in detail from those of the other provinces, but actual charges are not greatly different.

Fees in the United States - The Board has received information on fees charged by engineers and architects in the United States. While fees vary from state to state and from one professional society to another, they do not appear generally to be markedly higher or lower than in Canada. Evidence received at the public hearing was to the same effect.





## PART V

The Application of Sales Tax to Plans,  
Drawings and Blue Prints

The Excise Tax Act and the Old Age Security Act provide for a sales tax of eleven per cent on the sale price of a wide range of goods including certain classes of plans, drawings and blue prints. In the case of imported goods, the sale price is deemed to be the duty paid value thereof. The duty paid value is defined in Section 29 (1) (a) of the Excise Tax Act as:

"the value of the article as it would be determined for the purpose of calculating an ad valorem duty upon the importation of such article into Canada under the laws relating to the Customs and the Customs Tariff whether such article is in fact subject to ad valorem or other duty or not, plus the amount of the Customs duties, if any, payable thereon."

Consequently, the recommendations in this Report regarding the determination of value for duty purposes would, if implemented, have a bearing on the administration of the Excise Tax Act in its present form.

A rather curious situation arises out of the incidence of sales tax. This tax is not generally levied on plans made in Canada, though in some cases when plans are reproduced commercially it is levied on the charges for reproduction. However, on imported plans having to do with buildings, foundations, ground clearing, landscaping, water services, plumbing, lighting, drainage and construction generally, sales tax is being collected.

Thus, building plans such as those classified under tariff item 180f, and certain types of plans classified under tariff item 180e which have to do with construction, are subjected to sales tax if imported but not if produced by engineers or architects in Canada. As a result, the collection of sales tax on these importations has the effect of an additional customs duty. This course of action appears to be in conflict with Article III of Part II of the General Agreement on Tariffs and Trade dealing with National Treatment on Internal Taxation and Regulation.



## PART VI

Representations

A number of individuals, companies and associations expressed their views on tariff items 180e and 180f, and on regulations respecting importations of plans. Among those represented at the public hearing were the Canadian Council of Professional Engineers, the Royal Architectural Institute of Canada, The Canadian Construction Association and the Canadian Manufacturers' Association. (1) The Canadian Council of Professional Engineers represented all the professional engineers in Canada. Its proposals had been specifically authorized by the Corporation of Professional Engineers of Quebec and by the Associations of Professional Engineers of the other nine provinces of Canada. The Engineering Institute of Canada, with a membership of over 21,000, expressed full support of the proposals of the Council.

The following companies made representations urging the retention of the present nomenclature, rates or valuation, or else opposing increases in duties through changes in classification, rates or method of valuation:

Toronto Iron Works Limited  
 Canadian Bechtel Limited  
 Canadian Institute of Steel Construction Inc.  
 Dorr-Oliver-Long Ltd.  
 The Fluor Corporation of Canada Ltd.  
 Dominion Brewers Association

Most of the others who made representations sought changes in the existing arrangements; their views are summarized in the following pages.

Nomenclature and Rates of Duty

A distinction was made or implied in most of the representations between plans for machines, plant equipment and other manufactures on the one hand and plans for buildings and other construction on the other hand. There was general support for the retention of the duty-free status of plans for machines and plant equipment, now entered under tariff item 180e. There was also wide agreement that many or all of those plans of apparatus and of other manufactures which are at present dutiable under tariff item 180f should become duty-free.

With regard to plans for buildings and other construction which are dutiable under tariff item 180f, retention of the existing duties was sought by the engineers, the architects and the Canadian Construction Association among others. In addition, these groups urged that those plans relating to construction which are now free of duty under tariff item 180e should be made dutiable. There was very

(1) A complete list of those who made representations is contained in the introduction to this Report.

little opposition to the principles of these representations although there were differences as to just where the distinction between dutiable and duty-free plans should be made.

The representations regarding nomenclature and rates of duty are described in greater detail in the following pages.

Plans for Machines, Apparatus and for Other Manufactures - It was argued that duties on plans of machines and plant equipment would increase costs of manufacture in Canada and would not be a significant factor in encouraging more designing in Canada. Most of the imported plans for machinery, for plant equipment and for other manufacture are standard designs from which goods have already been produced in the country of origin. It was pointed out that the development of a new industrial design is typically a long and costly process, the economic feasibility of which depends in part upon the size of the market for the product. To discourage the importation of standard designs which have already been developed elsewhere would, it was argued, be particularly wasteful. The spokesman for the Canadian Manufacturers' Association made the following statement in support of continued free entry of plans for machines and plant equipment, and of the removal of the duties on plans of manufactures which are entered under tariff item 180f:

"The importation of plans and designs by Canadian manufacturers and producers has played an important part in the post-war expansion of Canadian industry. Some of these plans are not available from engineering services in Canada, and must be imported from the United States and other industrial countries. Many of the imported plans are the tested and proven results of extensive research and experimental work in the country of origin; to duplicate such costly and time-consuming work in Canada would add considerably to Canadian manufacturers' costs....

"... In order to remain competitive in this market, Canadian manufacturers are under continuous pressure to reduce their production costs, and to perform only those manufacturing functions which can be economically justified. In many cases, the importation of proven and successful designs is a vital factor governing the ability of Canadian manufacturers to compete on equal terms against imported products.

"We have no evidence to indicate that the imposition of a duty on plans and designs of plant equipment and other goods, required by Canadian manufacturers, would result in a large-scale substitution of Canadian plans and designs for imports. As we have already mentioned, in many cases the necessary design facilities are not available in Canada; in other instances it would still be more economic for Canadian manufacturers to pay duty on the imported plans and designs, than to incur the high cost of duplicating the engineering and design work in Canada. The imposition of a duty on plans and designs of plant equipment and other goods would in our opinion add to the cost of production of goods in Canada; this would in turn reduce the protection afforded by the Customs Tariff to Canadian manufacturers on their products....



"... We believe that the arguments we have presented in this submission apply equally to designs and plans of both plant equipment and products."(1)

The spokesman for the Canadian Council of Professional Engineers made the following statement in support of duty-free entry of standard designs:

"The classical case of standard designs, which in the ordinary course of business have been used in the country of export in the production of standard models of machines and other articles of equipment, arises generally in the relationship between parent companies located outside Canada and their subsidiaries in Canada. In these cases, the plans of products already designed are made available to the subsidiaries. Often there is no charge made for this valuable information, which certainly tends to raise the standard of living in Canada. Other times, a know-how fee is charged. In any event, by this channel, data now enters Canada duty free, which would necessitate the expenditure of large sums to duplicate in Canada. Also, such duplication would be considered by Engineers as a misuse of engineering talent, i.e. to simply redesign an item that has already been designed."(2)

Manufacturers who design machinery in Canada also import plans for certain phases of their work. It was stated at the public hearing that very little machinery was entirely designed in Canada: some component parts or plans for them are usually imported, or the design of a machine may be based on an imported plan which is used as a prototype. A Canadian manufacturer of machinery stated:

"We have built quite a number of rolling mill installations in Canada. When you consider the number of steel-producing plants in Canada as against those in the United States then the problem arises. It would not be difficult for us to build up an engineering staff that had the know-how and experience and design every possible type of rolling mill that might be required by all the steel companies in Canada, but we have an association with a firm in the United States, which has been designing a large number of rolling mill machinery (sic) in the States over the years; so if and when we are asked to build something in Canada we can get them in...."

"... we could go to our associate and ask for and get a prototype, or general arrangement drawings of something similar that they had built in the United States, bring this in and then, with our experience and knowledge here, from those drawings design a complete rolling mill to be built in Canada. We might do that, but there might be occasions when we might ask them to do it for us. So there is a case of a custom-built job. It might so happen, at that particular time, that our design staff was completely filled with work and our customer wanted the machinery in very quick time...."(3)

(1) Official Report, Volume 3, pages 314-18

(2) Ibid, Volume 1, page 84

(3) Ibid, Volume 3, pages 329-30



The following groups were among those which also supported the maintenance or extension of the existing provision for duty-free entry of plans for machinery, apparatus and other manufactures.

Machinery and Equipment Manufacturers' Association  
Electronic Industries Association of Canada  
Canadian Electrical Manufacturers Association  
Canadian Automobile Chamber of Commerce Inc.  
Air Industries & Transport Association of Canada  
Canadian Institute of Steel Construction Inc.  
Dominion Brewers Association

Plans for Buildings and Other Construction - The Canadian Council of Professional Engineers expressed satisfaction with the rates of duty on building plans which are entered under tariff item 180f. On the other hand, they objected to the duty-free importations of plans relating to construction under the following provisions of tariff item 180e:

... plant layouts, foundations for machinery and other plant equipment, structural supports and towers and similar outside structures, dams, spillways and other hydro construction, wiring, piping, platforms, ladders, stairs, etc. ....

They directed their criticism at the fact that no distinction has been made in the Tariff between custom plans and standard plans, maintaining that the former should be dutiable and the latter, not. They stated in their brief:

"No differentiation apparently has been made, except with regard to valuation, between 'custom' engineering work as opposed to 'standard' engineering work. To engineers this is a valid division as in one case the engineering has already been done outside Canada and is now available to Canadians. In the case of equipment specially engineered to order, the engineering work would be done outside Canada, but specifically for a project to be carried out in Canada." (1)

However, they themselves apparently did not envisage a complete separation in the Tariff of standard plans from custom plans. It became clear both from their formal proposals and their testimony that they were content to leave custom designs of machines free of duty, and that they were strongly in favour of retaining the duties on standard construction plans such as those for prefabricated buildings. Indeed, the spokesman for the architects, who had worked closely with the engineers, indicated his understanding of the objectives in the following terms:

"Our approach has been in co-operation with the professional engineers to arrive at a rewording of tariff item 180e which will bring about a separation of all items involving construction from those which relate to machines, engines, apparatus, etc." (2)

(1) Official Report, Volume 1, page 69

(2) Ibid, Volume 2, page 253

The spokesman for the Council contended that Canadian engineers were highly competent and that their fees were competitive with those charged by engineers in other countries. He complained, none the less, about a preference which he said was shown by some clients for non-Canadian engineers. He stated:

"A Canadian engineer is as well trained as any other engineer in the world. Now, he must be given an opportunity to show that he can do all these things. Too frequently, because something has not been done in Canada before, an owner feels that he has to go to a foreign country where this sort of thing has been done before in order to get a good job done and will not even give the Canadian engineer an opportunity. This is the sort of thing we are trying to avoid. We think having a tariff on engineering plans will be some deterrent." (1)

At another point, he stated:

"Too frequently the excuse given for retaining foreign consultants to design a project is that there are no Canadian engineers having the experience required for certain aspects of this project. Through this process Canadian engineers never acquire this experience. On the other hand, if Canadian engineers are retained and they, in turn, require the services of foreign experts as consultants for these special aspects of the work, they will gradually acquire the experience and will eventually be capable of designing the entire project themselves. It should also be noted that these special aspects represent generally a small proportion of the entire project.

"When foreign engineers design a project for construction in Canada they will naturally specify materials, equipment and machinery with which they are familiar to the detriment of Canadian manufacturers. They will also frequently favour contractors of their own country to the detriment of Canadian contractors." (2)

He also suggested that foreign owners of Canadian plants had a greater tendency than Canadian owners to have design work done abroad. He stated:

"I cannot quote figures, but I would say in a majority of cases where foreign consultants are being used, it is because of foreign affiliation with the owners; they are either owned, wholly owned subsidiaries of foreign concerns or controlled by foreign concerns and because the parent company is accustomed to dealing with consultants in their own country, they feel safer in using the same consultants when building in Canada. That is the major reason. I could not give you the percentage, I would not hazard a guess, but I would say it is well more than fifty percent of these cases." (3)

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(1) Official Report, Volume 1, Pages 64-5

(2) Ibid, Pages 83-4

(3) Ibid, Page 110

The Council made a number of other criticisms of the Tariff. It complained that specifications are not dutiable along with building plans, although it was pointed out that there was serious question about the inclusion of specifications within the Board's terms of reference. In addition, the Council contended that the wording of tariff items 180e and 180f was in some respects inconsistent and confusing. Their spokesman stated:

"The wording of the present tariff items 180e and 180f is inconsistent. Item 180e refers to engineers' plans, while item 180f refers to building plans; a large percentage of building plans are prepared by engineers. On the other hand many plans of 'office or other buildings' are not prepared by engineers.

"The wording of the present tariff items 180e and 180f is confusing. For instance 180e refers to 'plans of buildings' while 180f refers to 'building plans'...."(1)

The architects, represented by the Royal Architectural Institute of Canada, expressed no serious complaints about the wording of tariff item 180f or the rates of duty under it. In their original proposal, they strongly advocated the maintenance of the existing wording and rates, although they did subsequently propose some change in wording. Their spokesman made the following statement in support of duties on architects' plans:

"Canadian architectural firms are now as competent as foreign firms to undertake architectural design work. It is important to emphasize that Canadian architects know Canadian methods, materials, problems, and climatic conditions better than foreign architects....

".... Imported plans, in the opinion of the Institute, should be discouraged because foreigners, especially United States firms, tend to specify foreign materials and equipment....

".... In the circumstances, Canadian manufacturers of building materials and equipment are deprived of production opportunities. It may involve the use of materials less suitable to Canadian conditions than products produced domestically."(2)

He made the following statement with regard to the existing level of duties:

"We are definitely of the opinion that the rate as established provides the protection which our members require."(3)

A member of a naval architectural firm, while expressing support for the position taken by the R.A.I.C., complained that plans of ships are classified under tariff item 180e and can consequently be imported free of duty. He contended that a ship was a type of building and that plans of ships should be dutiable in the same way as other architects' plans. He stated:

(1) Official Report, Volume 1, pages 65-7  
 (2) Ibid, Volume 2, pages 254-5  
 (3) Ibid, page 277



"...it seems highly questionable to classify a ship as a machine. It has always been considered as a building, in the sense of the designer's word rather than the architectural sense of the word. In fact, in Europe, the home of shipbuilding...when a new vessel is on the way it is known as a 'new building'-and it is all one word; not a 'new manufacture', as you would refer to the production of machinery...A ship is not a machine but is, from our point of view, a building evolved from architectural efforts."(1)

He indicated that costs of naval design are higher in the United States but lower in the United Kingdom than in Canada. He said the differences in the cost of design were roughly proportional to the differences in the cost of shipbuilding in the three countries.

The spokesman for the Canadian Construction Association supported the Council in objecting to the free entry of certain classes of construction plans under tariff item 180e. He stated:

"The effect of the present wording and administration of tariff item 180e is to permit foreign engineers to compete on the Canadian market by setting up sales facilities only and without doing actual design work in Canada. The Association believes that such a situation is detrimental to the growth of Canadian engineering, both in skills and experience, and should not be encouraged by duty-free entry of engineering structural plans under item 180e.

"Present duty-free entry of engineers' plans, drawings or blueprints of 'structural supports, towers, dams, spillways, wiring, piping, platforms, ladders, stairs, etc., with the exception (sic) of office and other buildings' has the effect of directing Canadian demand for special engineering skills to foreign firms. The Association believes that if such plans, etc., are made subject to duty on the same basis as other plans, etc., there will be added incentive for foreign firms to establish design facilities in Canada and to train Canadian personnel in these specialized fields. The result will be improved Canadian design skills and more use of Canadian contractors, equipment and materials. Foreign engineers tend to specify materials and equipment with which they are most familiar - naturally those from their home country- and to work with contractors from their own country.

"While it is recognized that there are a few highly specialized processes for which Canadian engineers do not have the necessary design experience, there will be little opportunity to gain such experience as long as free entry exists and such structural engineering design by foreign engineering firms is encouraged by tariff item 180e. A direct result of such encouragement is the emigration of many skilled Canadian engineers to the United States and other countries where there are greater opportunities to obtain more specialized experience and higher pay. Few return to Canada. In the light of Canada's future development and its needs for skilled professionals, these men should not be lost to us."(2)

(1) Official Report, Volume 3, pages 487-8

(2) Ibid, Volume 2, pages 208-9

There was fairly general support by manufacturers for duties on plans for construction, partly on the grounds that Canadian designers were more likely than others to specify Canadian materials. The spokesman for the Machinery and Equipment Manufacturers Association of Canada, referring to the Royal Commission on Canada's Economic Prospects, stated:

"It suggested that the management of foreign-owned concerns should, whenever reasonably possible, make decisions that were in the best interests of Canada, employ Canadians in senior management and technical positions, retain Canadian engineering and other professional and service personnel, and do their purchasing of supplies, materials and equipment in this country.

"All too often this is not the case. The development of new and the expansion of existing industries in Canada, involves planning and engineering. When the management is foreign-owned, the line of least resistance is to deal with foreign engineers and foreign suppliers. These are the people they know. When the plans are prepared by foreign engineers it is likely that the accompanying specifications will be so worded that preference is given to foreign builders of machinery and equipment and to foreign contractors. The result is loss of employment in Canada."(1)

And the spokesman for the Canadian Electrical Manufacturers Association stated:

"It is our opinion that the professional status of the members of these organizations should be protected, but only concerning the importation of original plans covering buildings and constructions which result from the hiring of the services of consulting engineers and/or architects....

"...As a matter of fact, Canadian manufacturers prefer the hiring of the services of Canadian engineers and architects for the simple reason that they are more liable to call for the use of Canadian materials and equipment when writing their specifications than their foreign counterparts."(2)

At the same time, some manufacturers, while not criticizing the duties on plans for construction at present covered by tariff item 180f, called for continued free entry of plans for plant layouts which now enter under tariff item 180e. They asserted that there were no Canadian engineers capable of designing plants for certain process industries including breweries, chemical plants and oil refineries. The spokesman for the Canadian Council of Professional Engineers did not deny that Canadian engineers might lack experience in certain specialized fields, but he stated:

"Canadian engineers are competent to design practically all engineering projects required in Canada. In some cases it may be necessary to consult with foreign experts regarding certain aspects of an engineering project, but this can be accomplished without having the entire project designed outside Canada."(3)

(1) Official Report, Volume 3, pages 350-1

(2) Ibid, Volume 2, pages 190-1

(3) Ibid, Volume 1, page 83



He indicated that the fee of the foreign expert would be paid by the Canadian engineer unless the expert had been engaged at the request of his client.

Two firms of consulting engineers made representations to the effect that much more protection of Canadian engineers was required than that contemplated by the Canadian Association of Professional Engineers. Edward Lewis Jones & Associates, and C.C. Parker, Whittaker & Company Limited both laid heavy emphasis on the disability of Canadian consulting engineers which, they said, resulted from the degree of foreign ownership of Canadian industry. The spokesman for Edward Lewis Jones & Associates stated:

"... if the controlling equity is foreign, as it almost always is in Western Canada in the petroleum business and the petrochemical business, then foreign services are used in preference. The Canadian engineering and related services are denied the opportunity of serving the initial project and they are also denied that same opportunity during any subsequent re-investments of the cash flow that goes into the project. As a result, therefore, you find Canadian engineering services are not wanted....for the larger jobs....

"The price that Canada has paid for this type of investment has included the general removal of competent Canadian engineers into positions in the United States and other foreign countries with the result that you do not have private ownership in the Canadian engineering business built up here."(1)

On the other hand, Canadian Bechtel Limited and the Canadian Association of British Manufacturers and Agencies both advanced the idea of free trade in all the goods for which provision is now made in tariff items 180e and 180f. The spokesman for the Association stated:

"We believe that unrestricted importation of engineering drawings and plans serves to strengthen and widen engineering talent in any country. These documents are studied carefully by the engineering departments of the purchasing firms and often by the consulting engineers engaged by those firms. In the course of these studies the engineers of the country concerned cannot help but acquire a more comprehensive knowledge of their profession, which must in turn reflect favourably not only on the specific projects they undertake, but on the whole engineering outlook in that country.

"To restrict in any way this dissemination of technical 'know-how' would be tantamount to imposing a limitation on the scope of the engineering profession.

"An imposition of duty on drawings and plans might prejudice many large Canadian projects which, after full consideration, have been thrown open to international competition. It does not seem valid in this day and age to restrict in any way the choice

(1) Official Report, Volume 2, page 242

of talent for such projects, and Canadian architects and engineers who have obtained recognition in the international sphere would, one presumes, be the first to welcome such an outlook. A broader vista must serve them well, because it must inevitably lead to wider recognition of their talents and ultimately, through contacts obtained by them in various markets of the world, to a most useful contribution to Canada's external trade."<sup>(1)</sup>

### Valuation

The practice which is now followed of valuing many types of construction plans at one per cent of cost of construction if for "heavy industry" and at 3 p.c. if for other purposes was subjected to considerable criticism and received no support at the public hearing. The Canadian Council of Professional Engineers, the Royal Architectural Association of Canada and the Canadian Construction Association all objected to the practice. The spokesman for the engineers stated:

"It is my understanding that the present practice is for plans of buildings for heavy industry being valued at one per cent; plans of buildings for other industries and other types of buildings being valued at three per cent and still other plans of other things that are not buildings are being valued at cost of production plus an advance of 25 per cent. We feel that there should not be a distinction between buildings used for heavy industry and buildings used for light industry. We do not think it is a valid distinction and all these plans, engineers' and architects' plans ought to be valued at three per cent or fee."<sup>(2)</sup>

He contended, in addition, that there was no basis in terms of cost differences for the distinction between "heavy" and other industry.

With regard to the valuation of plans of machinery and of other manufactures, no serious criticisms were made. Such proposals respecting it as were made envisaged nominal valuations reflecting only the cost of the paper bearing the plans.

### Temporary Entry of Plans

While a number of proposals were made for changes in the administrative provisions regarding temporary entry of competitive plans for inspection,<sup>(3)</sup> the Canadian Construction Association dealt at greatest length with the existing provisions. The principal criticism it made was that contractors are not at present permitted to inspect plans in their own offices. It complained that facilities at customs warehouses were not suitable for the inspection of plans. Its spokesman stated:

<sup>(1)</sup> Official Report, Volume 3, pages 406-7

<sup>(2)</sup> Ibid, Volume 1, page 43

<sup>(3)</sup> See section on proposals

"Now, there is one other item that we feel is a great hardship upon the construction industry to tender on proposed work and costs the construction industry a lot of money if the plans come from foreign countries which a lot do. The present procedure is that we must send, let us say, two men down to the customs warehouse and the remarks were made here this morning about some of the customs warehouses are certainly - if you go down to the Montreal customs warehouse and try to find a little table to set a plan on and it is almost impossible....

"There remains the problem of temporary entry of engineers' or architects' designs, plans, drawings and reproductions thereof of foreign projects for purposes of tender calculations by contractors operating on the export market, study by owners undertaking new processes or construction, and research by architects and engineers to keep abreast of developments in their professions...

"The Association submits that the present provision which permits free entry for 60 days provided inspection takes place in customs warehouses only, seriously impedes both preparation of tenders and study. Customs warehouses, or premises so designated, usually do not possess suitable premises for tendering or reference work."(1)

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(1) Official Report, Volume 2, pages 211-13





## PART VII

Proposals

A number of proposals were made for changes in the wording of tariff items 180e and 180f but no changes in the rates of duty now carried by these items were proposed. However, many of the proposals, if implemented, would have the effect of transferring certain types of plans from one item to the other; this would involve changes in the level of protection.

Tariff Item 180e

The various proposals which were made respecting the wording of tariff item 180e are contained in Table IV on the following page.

Canadian Council of Professional Engineers - The objectives of the Council in its proposed revision of tariff item 180e were stated to be:

- To provide for a duty on plans of engineering work specially engineered to order.
- To allow for the free entry of standard designs.
- To avoid making differentiation for tariff purposes between architects' and engineers' plans.

To accomplish its first objective the Council proposed that all the words after "plant equipment" be deleted from existing tariff item 180e. Free entry for a broader range of standard plans than at present would be provided by the insertion of the words "engines", "apparatus" and "test sets"; standard plans of buildings and other structures, however, would continue to be dutiable. These measures would also serve to remove any differentiation between architects' and engineers' plans for construction. There follows a more detailed analysis of the changes to tariff item 180e proposed by the Council.

The deletion of the word "engineers'" from tariff item 180e would probably not, in itself, have any effect on the content of the item. The spokesman for the Council defined an engineer's plan as one which, by law, could only be designed by an engineer. Such legislation is, however, in the provincial sphere and the various laws are not identical.

The proposed addition of the word "designs" was intended to broaden the item to encompass specifications, which are provided for under tariff items 172 and 181.

The proposed deletion of the words "blue-prints" and addition of the words "or any reproduction thereof" were to bring the item into line with modern usage and engineering practice. The spokesman for the Council stated:



Table IV

Proposals Respecting Tariff Item 180ePresent Wording:

Engineers' plans, drawings or blue-prints of machines and plant equipment, plant layouts, foundations for machinery and other plant equipment, structural supports and towers and similar outside structures, dams, spillways and other hydro construction, wiring, piping, platforms, ladders, stairs, etc., not to include office or other buildings

Proposed by Canadian Council of Professional Engineers:

Designs, plans, drawings, or any reproduction thereof, of machines, engines, apparatus, test sets and plant equipment, and complete parts thereof, and of general arrangement and tooling including foundation bolt plans and flow sheets required for the manufacture, assembly, erection, installation, operation or maintenance of such machines, engines, apparatus, test sets and plant equipment

Proposed by Machinery and Equipment Manufacturers Association of Canada:

Designs, plans, drawings, or any reproductions thereof, of machines, test sets, engines, apparatus, appliances, devices, and plant equipment, and complete parts thereof, and of general arrangement, foundation bolt plans, process layouts and flow sheets, and tooling, required for the manufacture, assembly, erection, installation, operation, or maintenance of such machines, test sets, engines, apparatus, appliances, devices and plant equipment

Proposed by Canadian Manufacturers' Association:

"Accordingly this Association recommends the extending of the duty free category in Tariff Item 180e to include designs, plans, drawings, or any reproduction thereof to be used for the manufacture, assembly, installation, operation or maintenance of goods"

Proposed by H.A. Simons Limited:

Tariff Item No. Y - Engineers' designs, drawings, specifications and reports, or any reproductions thereof, which in the ordinary course of business have been used in the country of export for the construction of engineering work or for installation or production of standard units of engineering work which have not been specially designed or engineered on behalf of the importer and/or for constructional use in Canada

Tariff Item No. Z - Designs, drawings, specifications and reports, or any reproductions thereof of machines, engines, equipment, processes and apparatus

"There is a wide variety of methods of reproduction. Today blueprint is one of them and the previous item did use the word 'blueprints' years ago which was the only method. However, today we have whiteprints, photographic methods of various types, microfilming and so on and so forth."(1)

The proposed addition of the words "engines, apparatus, test sets" and "and complete parts thereof" represented a move in the direction of the stated objective of the Council to provide free entry for standard designs. The spokesman for the Council stated:

"Generally speaking, designs of machines and engines are standard designs although there are custom designs of special machines..."

"...The custom design of machines, engines, apparatus and test sets will be duty free but under present conditions, as far as we can ascertain, there is very little of that being done."(2)

The proposed deletion of the words "structural supports and towers and similar outside structures, dams, spillways and other hydro construction, wiring, piping, stairs, etc." was in line with the desire of the engineers to exclude plans for custom engineering work from tariff item 180e. The spokesman for the engineers stated:

"We have removed the words 'structural supports and towers and similar outside structures' leaving the words 'plant equipment'. Now, in all these things that are not part of the plant equipment we feel that they should go under 180f and not 180e...They have to be designed for the specific locations and purpose for which you require them. We have also left out the words 'wiring, piping, platforms, ladders, stairs'...There may be some of these that would be part of the plant equipment. You could conceive of a machine that is very large and has ladders to run up to the various parts, this would be part of the machine itself."(3)

The proposal of the Council called for the deletion of 'plant layouts' and the insertion of "and of general arrangement and tooling including...flow sheets required for the manufacture, assembly, erection, installation, operation or maintenance of such machines, engines, apparatus, test sets and plant equipment". While the precise effects which this proposed change would have are difficult to gauge, it would clearly mean a narrowing of the scope of this part of tariff item 180e. A spokesman for the Machinery and Equipment Manufacturers Association of Canada described his understanding of plant layouts and flow sheets as follows:

(1) Official Report, Volume 1, page 14

(2) Ibid, pages 16 and 25

(3) Ibid, Pages 20-21

"A process layout or flow sheet is something quite simple, as we understand it - perhaps similar to an organization chart where you have all your personnel and your processing and which you would have little or no information on it; whereas what we envisage by 'plant layout' here is where you draw up a complete flow plan which shows, in precise terminology, where each item of equipment in the plant is to be installed." (1)

The spokesman for the Council described the meaning of "general arrangement" in the following terms:

"...it is sort of a plan showing how a machine is actually set up, how the machine is arranged in the plant, in the factory. It is a general plan, a general sketch, if you like, showing how the machine is to be set up. It is everything that is required to install or erect a machine." (2)

There was some discussion of the meaning of the words "flow sheets". The Council had originally proposed the words "process layouts and flow sheets" but they dropped the words "process layouts" from their proposal after hearing the representations of a chemical engineer. Originally, the spokesman for the Council had explained the words "process layouts and flow sheets" as follows:

"Again, these process layouts and flow sheets would be an indication of the flow material from one machine to another... In a process industry it would be something similar or close to a flow sheet. It would show how the material or the raw material is to be processed and is complemented by the word 'flow sheet'. Again it is the use of two expressions to be sure you gather everything along this line. It would be different from a plant layout which shows the entire layout of a complete factory, where all the machines will be and how they are tied and the wiring and everything else in the plant is shown. This is not a complete plant layout, it is a layout to show the flow of material from one group of machines to another." (3)

Subsequently, a chemical engineer made the following statement:

"I would like to ask...if there is not some confusion...with respect to process layouts and flow sheets? In my experience there are two types of process layouts and flow sheets, one the mechanical terminology relative in some instances to dealing with mass production items. The second one is relative to the process flow sheets and layouts of the process industries which refer to the flow of material through a group of unit operations in the chemical engineering field and which also usually carry with them temperature, pressure and

(1) Official Report, Volume 3, page 371

(2) Ibid, Volume 1, pages 10-11

(3) Ibid, page 12



flow levels marked on the flow diagrams plus heat and material balances usually designated on the body design... I feel my branch has been left out by this confusion of terms and that item 180e should not include process layouts and flow sheets." (1)

The spokesman for the Council replied:

"I would be inclined to agree...that the words 'process layouts' may be a cause of confusion and perhaps they are not necessary in item 180e. The word 'flow sheet' should cover what we had in mind there...We would be quite happy to see these two words removed from the wording of 180e." (2)

The proposal to delete "foundations for machinery" and to insert "foundation bolt plans" was explained by the spokesman for the Council in the following terms:

"...now, the actual foundation of a machine is something that has to be designed for not only the machine but the floor or the soil underneath it. The foundation bolt plans would merely show where bolts coming out of the concrete foundation should be located so that the machine can be tied on to that foundation." (3)

The Royal Architectural Institute of Canada, the Canadian Construction Association and the Engineering Institute of Canada all supported the proposal of the Council.

Machinery and Equipment Manufacturers Association - This Association proposed that "tariff item 180e be not restricted to plans of machinery and plant equipment, but be extended to include all plans imported for the purpose of manufacturing goods in Canada." To achieve its objective, it supported the proposal of the Canadian Council of Professional Engineers but proposed the addition of the words "appliances" and "devices". A machinery manufacturer explained the reasons for proposing the addition of these two words as follows:

"'Machines', as far as 'appliances' are concerned, will cover any machine which has motive power attached - mixers, washing machines, driers - but will not cover items such as ranges, water heaters, irons and so on, and those items would be left, as far as interpretation by National Revenue was concerned, as they are today, but which, if the suggestion of the engineers is adopted, would be left to fall within 'apparatus', and in the terms of the trade parlance 'appliances' are not 'apparatus'.

(1) Official Report, Volume 1, page 124

(2) Ibid

(3) Ibid, page 11

"To contrast the difference between the two, generally, Mr. Chairman, apparatus is referred to as heavier equipment. Indoor or outdoor switch gear in factories, utilities and so on would be apparatus. Appliances generally are items which are used in the home...

"...I wouldn't like to try and give a definition of 'devices'. But it is a nice, broad word to have in there and could cover a lot of sins..."(1)

Canadian Manufacturers' Association - The Canadian Manufacturers' Association expressed agreement with the proposals of the Canadian Council of Professional Engineers and the Machinery and Equipment Manufacturers' Association "to the extent that these proposals point to the need for a widening of the duty free status of plans and drawings used by Canadian manufacturers and producers." The spokesman for the Canadian Manufacturers' Association indicated, however, that the Association desired a further broadening of the scope of tariff item 180e. He stated:

"We consider, however, that duty free status should not be restricted to designs, plans and drawings of machines, engines, apparatus, test sets and the other equipment specified in the proposals. To a manufacturer, the designs or plans of the product he is manufacturing are as much an element of his 'tools of production' as designs or plans of his machinery and plant equipment. We believe that the arguments we have presented in this submission apply equally to designs and plans of both plant equipment and products. Accordingly this Association recommends the extending of the duty free category in Tariff Item 180e to include designs, plans, drawings, or any reproductions thereof required for the manufacture, assembly, installation, operation or maintenance of goods."(2)

He indicated his understanding that the word "goods", if it appeared in the Customs Tariff, would be interpreted according to Section 2(1)(j) of the Customs Act which reads as follows:

"'goods' means goods, wares and merchandise or movable effects of any kind, including vehicles, horses, cattle and other animals;"

It was the intent of the proposal to provide, among other things, for continued free entry for plans of foundations for machinery. In this regard, the spokesman for Canadian Manufacturers' Association stated:

(1) Official Report, Volume 3, pages 381-2

(2) Ibid, pages 317-8



"Well, looking at the wording that the C.M.A. has - 'plans, drawings, required for the manufacture...', I would say that those very detailed foundation plans for a rolling mill or a large boring mill would qualify under the proposed wording for 180e...

"...this perhaps avoids the difficulty of trying to distinguish between a foundation bolt plan and a foundation, if they are required for the installation of goods - which they certainly are."(1)

The spokesman for the Canadian Manufacturers' Association indicated that the proposal should be regarded as an enunciation of principle rather than as the proposed wording of a tariff item. In fact, he expressed apprehension that this suggested wording might not accomplish the intended objective.

The Machinery and Equipment Manufacturers Association expressed its support of the proposal of the Canadian Manufacturers' Association as an alternative to its own proposal.

Reactions to the Proposals - No extensive conflicts of interest were revealed in the three principal proposals respecting tariff item 180e, and a wide measure of support for all three was evident at the public hearing.(2) Some points in the proposals were, however, subjected to criticism.

There were a number of comments on the proposal of the Canadian Council of Professional Engineers to delete "plant layouts" and to insert "and of general arrangement and tooling including... flow sheets required for the manufacture, assembly, erection, installation, operation or maintenance of such machines, engines, apparatus, test sets and plant equipment." The spokesman for Canadian Bechtel Limited expressed concern at the proposal to delete "plant layouts". He said:

"...in order to employ in Canada some of these refining processes which, I think we must agree, are of benefit to Canada, the operating companies must import the processes, the plans for the processes and pay royalties because the majority of these processes are patented, mostly in the United States...

"...it is not only the individual pieces of machinery which are important and which are on the drawings, but the proper sequence of the machinery and pieces of machinery, and I am a little concerned as to what the status of the drawings in this connection might be."(3)

The spokesman for the Air Industries and Transport Association of Canada expressed strong opposition to the deletion of "plant

(1) Official Report, Volume 3, page 365

(2) H.A. Simons Limited, which also made a proposal, was not represented at the public hearing and there was little discussion of its submission.

(3) Official Report, Volume 3, pages 435-6

layouts". He pointed out that a company planning to manufacture an aircraft under license, for example, would want to import plans for the plant layout which would already have been designed elsewhere for construction of the same aircraft abroad. He also cited the example of plans for a refinery built outside without any protective building. He stated:

"Just address your mind to a refinery that is outside - and most of them are...

"...I would have thought that it would be virtually impossible to separate the plans for the equipment and the plans for the layout; and I would have, therefore, thought it pretty pointless and even unwise to lay out a plant where it wasn't evident that you started at a point and put your various pieces of equipment together in a particular way...It seems to me it is almost a case of the hare going with the hounds."(1)

On the other hand, Brown and Root Ltd., engineers and constructors, with headquarters in Texas and with offices in Canada, expressed the view that neither plant layouts, process layouts nor flow sheets should be provided for in tariff item 180e. They stated in a written submission:

"If the implied lack of restriction they [the Canadian Council of Professional Engineers] propose were to apply, there would never be any incentive for Canadian engineering organizations to build a process design reputation."(2)

There was also a number of criticisms of the proposal to delete "foundations for machinery" and to insert "foundation bolt plans". A spokesman for the Canadian Electrical Manufacturers Association said:

"...If the manufacturer deems it necessary to supply some sort of foundation plans in addition to a full plan or any other instructions or information, if the manufacturer deems it necessary to give this information, to perhaps indicate whether there must be a pit, then I submit it should come in under the same - with the same appraisal as with the design and with the bolt plan..."(3)

The spokesman for the Air Industries and Transport Association said:

"My clients, when they buy large machines, would just [as soon] the responsibility for the proper operation rest at one source. It seems to me the...manufacturer of the machine would get the necessary data and design the foundation accordingly and would then be responsible for the entire installation provided the

(1) Official Report, Volume 3, pages 377-8

(2) Ibid, pages 485-6

(3) Ibid, Volume 2, page 202

installation had been made in accordance with the plan of the purchaser of the heavy machinery. You would then have one person to deal with in respect of warranty and operation..."(1)

The spokesman for Toronto Iron Works Limited also recommended that plans for foundations for machinery be left in tariff item 180e.

#### Tariff Item 180f

The various proposals which were made for changes in the wording of Tariff Item 180f are contained in Table V on the following page.

Royal Architectural Institute of Canada - The proposal of the architects was supported by the Canadian Council of Professional Engineers and by the Canadian Construction Association. The spokesman for the architects described the intent of their proposal in the following terms:

"The Institute proposes the rewording of item 180e in order that all items relating to building construction will be placed under a revised item 180f...The Institute also maintains that the wording of the item as revised should encompass designs, plans, drawings, models, maps, charts and specifications for items of construction other than buildings...

"...it does include all such items which we discussed earlier today such as towers and dams and so on, engineering works. This is why we have introduced the word 'works' for that purpose in the text."(2)

It was recognized at the time of the public hearing that the words "designs", "models", "reports" and "specifications" might well encompass goods which were outside the scope of the Board's terms of reference.

The proposal would involve deletion of the provision "n.o.p." from tariff item 180f. The architects and engineers disclaimed any interest in the goods which would be excluded by this deletion, but the spokesman for the engineers stated:

"...there is a part which is now most important and that is the n.o.p. part of it. It is my understanding that the present item is interpreted to mean all kinds of plans including plans of products and it was felt by both the architectural and engineering professions that it would be highly desirable that plans for things other than engineering or architectural work be covered under a separate item which could then have the n.o.p. provision. Now, plans of

(1) Official Report, Volume 2, page 203

(2) Ibid, pages 255 and 258



Table V

Proposals Respecting Tariff Item 180fPresent Wording:

Blue prints, building plans, maps and charts, n.o.p.

Proposed by Royal Architectural Institute of Canada:

Designs, plans, drawings and models for all items of construction or works or planning or additions or alterations thereto; and maps, charts, reports and specifications pertaining to the foregoing; and any reproductions of the above

Proposed by Machinery and Equipment Manufacturers Association of Canada:

Designs, plans, drawings, or any reproductions thereof, of buildings, structures, and services and foundations therefor, and of plant layouts. Designs, plans, drawings, maps, and charts, or any reproductions thereof, n.o.p.

Proposed by H.A. Simons Limited:

Tariff Item No. X. - Engineers' designs, drawings, or any reproductions thereof, covering engineering works specially designed or engineered on behalf of the importer and/or for constructional use in Canada, including standard designs which have been adapted by alterations thereto, and also including specifications forming part of or additions to the above designs, drawings or any reproductions thereof but not including items No. Y or No. Z hereinafter.<sup>(1)</sup>

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(1) Proposed items "Y" and "Z" are reproduced in Table IV.

your charts and maps can be drawn into that including the n.o.p. provisions, maps, charts and other plans...

"...we are not suggesting any wording or tariff or valuation or anything else but we realize there would have to be another item to cover whatever we are removing from 180f..."<sup>(1)</sup>

While the Canadian Council of Professional Engineers expressed full support of the architects' proposal, one of their own proposals<sup>(2)</sup> conflicted with it and was strongly opposed by the architects. Consulting engineers frequently import plans in the course of their work, and duties on such plans add to their costs. The Council, unlike the architects, wanted tariff item 180f to be restricted in coverage to complete sets of working plans. They did not want the item to cover plans imported for reference or educational purposes, or preliminary drawings imported to assist in preparing detailed plans in Canada. The spokesman for the Council stated:

"The client, the owner has to tell the designer what he wants and supply him with process layouts and that sort of thing, general arrangements and from that the designer will work out detailed plans. Now, that sort of material coming in we do not think ought to be dutiable; it is not useful for construction purposes, you cannot use these general plans or sketches for construction purposes because they are not detailed enough. These are merely used to work out detailed drawings, and, therefore, should not be dutiable...

"...a general plan will be a plan which is not detailed and cannot be used for construction purposes, if you like. Different people would put different meanings on the words and I do not think they have specific meaning in themselves...

"We are asking and suggesting dutiable [status for] plans of complete construction plans, plans that you will use to erect or build something."<sup>(3)</sup>

Machinery and Equipment Manufacturers Association of Canada - The spokesman for this Association explained a number of points about its proposed wording for tariff item 180f. By "services" was meant such things as sewers, roads, air conditioning, heating and lighting. The word "foundations" as qualified in the proposed item was intended to exclude plans of foundations for machinery.

Reactions to the Proposals - Many of the proposed changes in tariff item 180f were to allow for changes in tariff item 180e which had been proposed, and reactions to these latter proposals have already been described.

Discussion at the public hearing centred principally around the proposal of the architects. There were some complaints that the full

<sup>(1)</sup> Official Report, Volume 1, pages 115-17

<sup>(2)</sup> See the proposals respecting temporary entry of plans

<sup>(3)</sup> Official Report, Volume 1, pages 47-8



significance of the proposed words "all items of construction" was difficult to assess. In addition, objection was taken to the inclusion of the words "designs", "models", "reports" and "specifications", in tariff item 180f, as sought by the architects, because it would affect the tariff status of things outside the terms of reference of the present inquiry.

Very little opposition was expressed to the continuation of the present rates of duty under tariff item 180f. The Canadian Association of British Manufacturers and Agencies did, however, suggest that serious consideration be given to "the elimination, or at least the reduction of duty presently applicable on Tariff item 180f".

### Valuation

Tariff Item 180e - The spokesman for the Canadian Council of Professional Engineers stated:

"We propose that designs, plans, drawings, or any reproduction thereof of all articles listed in Item 180e be valued for duty at 75 cents per pound."<sup>(1)</sup>

The Machinery and Equipment Manufacturers Association of Canada proposed "a value per pound based on the actual cost of the paper or other material on which the design, plan or drawing has been drawn or reproduced."

These proposals, if implemented, would effect little or no change in the valuation of standard plans for which provision is now made in tariff item 180e. On the other hand, they would effect substantial reductions in the valuation of plans specially engineered to order.

H.A. Simons Limited proposed that the goods specified under its proposed Tariff Items Y and Z<sup>(2)</sup> be valued at 75 cents per pound.

Tariff Item 180f - The Canadian Council of Professional Engineers made the following proposal regarding valuation of goods entering under tariff item 180f:

"We propose that all other architects' and engineers' designs, plans or blue prints as covered by item 180f be valued for duty provisionally at 3 per cent of the estimated cost of carrying out the work covered by such designs, plans, drawings and accompanying specifications provided that the value for duty shall not be less than the actual fee received from or actual selling price to importer, not including the value, if any, of engineering supervision in Canada and the travelling, living and other expenses incidental thereto.

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(1) Official Report, Volume 1, page 35

(2) Proposed items Y and Z are reproduced in Table IV.

"When the nature of the engineering work makes it impractical or impossible to establish the estimated cost of the work covered, the designs, plans, drawings and accompanying specifications are to be valued for duty at the actual fee received from or actual selling price to the importer.

"When the work covered is completed, the entries are to be adjusted by refund claim or by amending entry, as the case may be, based on an appraised value representing 3 per cent of the actual cost of such completed work provided that the value for duty shall not be less than the actual fee received from or actual selling price to the importer, not including the value, if any, of engineering supervision in Canada and the travelling, living and other expenses incidental thereto."(1)

The proposal of the engineers, if adopted, would raise the valuation of building plans for "heavy industries" from one per cent to three per cent of cost of construction.

A spokesman for the engineers stated that the proposed inclusion of "specifications" in tariff item 180f would, in some cases, result in higher valuations than at present:

"...where, because it is not possible to estimate cost of a project, the value would be determined by taking the fee charged to the client. Now, in such cases it is necessary to stipulate that the fee is the fee covering not just the plans but both the plans and specifications. That is the reason we need 'specifications' there."(2)

The proposal to base valuation on the cost of the project or the fee, whichever is higher, would mean higher valuations in cases where the fee was higher than three per cent of the cost of the project. The spokesman for the engineers said this proposal had been made to avoid dumping. He stated:

"The value of the plans is the actual selling price to the importer or whoever buys them and that is why we suggest that they be valued at the fee but never less than three per cent to avoid dumping...

"...it is conceivable that perhaps there may be some cases where the fee could be less than three per cent without really being dumping. However, that would be very few cases, if any. It is just a protection."(3)

The question was raised how the plan of a tower, from which many identical towers were to be built, should be valued. The spokesman for the engineers took the position that valuation should be based

(1) Official Report, Volume 1, pages 36-7

(2) Ibid, page 118

(3) Official Report, Volume 2, page 295

on the cost of the total number of towers to be built. No distinction, with respect to valuation, would be made between standard and custom plans entering under tariff item 180f.

It is difficult to assess the effects on valuation of the proposal to abandon the alternative method of valuation based on cost of plans plus 25 per cent. This method is sometimes used when neither the fee nor the cost of the project can be ascertained.

H.A. Simons Limited made a proposal respecting the valuation of the goods specified in its proposed Tariff Item X which was the same as that of the engineers respecting goods entered under tariff item 180e.

The Royal Architectural Institute of Canada proposed that all plans entering under tariff item 180f be valued at three per cent of cost of construction.

The Machinery and Equipment Manufacturers' Association made the following proposal regarding the valuation of the goods entering under item 180f:

"In respect of the designs, plans or drawings of buildings and structures covered by Tariff Item 180f, a value of 3% of the cost of such construction work.

"In respect of the other designs, plans or drawings covered by Tariff Item 180f, a value based on the cost of producing same (design engineering, material, labour, draughting-room overhead) plus 25%, providing that the value for duty shall not be less than the actual selling price or fee to the importer."(1)

The Canadian Construction Association made the following proposals:

"...we submit that all engineers' structural designs, plans, drawings and reproductions thereof be classified under tariff item 180f and that a 3% value for duty rate, based on the estimated cost of construction, should apply on all categories. The present 1% rate on plans, drawings or blue-prints for heavy industry favours foreign engineering designers. However, with regard to standard house plans, we recommend that present valuation policy be continued."(2)

Reactions to the Proposals - The spokesman for the Toronto Iron Works Limited took strong exception to certain aspects of the proposals of the engineers and of the architects respecting valuation under tariff item 180f. Toronto Iron Works had interests in plans for pre-fabricated buildings and components thereof and in plans for towers, ladders and other items which might be associated with the construction and

(1) Official Report, Volume 3, pages 357-8

(2) Ibid, Volume 2, page 211



installation of heavy equipment. The proposals of the engineers on nomenclature had appeared to involve the transfer from duty free to dutiable status of some of these items; Toronto Iron Works Limited had not objected to this transfer but it did object to the proposals respecting valuation of these goods. Their spokesman stated:

"...we could, therefore, accept the limitations proposed by the engineers and the architects on tariff item 180e, but to take a blanket three per cent of the cost of construction as value for duty on drawings for the equipment that would be included in 180f would provide an increase in costs - duties - of a magnitude seldom requested of this Board...If we paid a duty of three per cent of cost of construction on all our prefabricated buildings - not just on the first one, but, as the professional engineers propose, on all of them - are these buildings likely to be the design of an engineer in Canada? We say No to that question. Rather might it be desirable to import the complete building..."

"...I mentioned earlier the item of structural supports, where it is proposed that they be removed from tariff item 180e. The implications so far as Toronto Iron Works is concerned is that we have to consider that these are built into much of our stationary equipment in many cases and they do form an integral part of it. Removing this from 180e would result in an enormous increase in the duty on the imported drawings for such structural supports."(1)

#### Temporary Entry of Plans

The Canadian Council of Professional Engineers made the following proposal:

"...that a system of temporary permit be devised to allow free entry of all plans imported for reference or bidding purposes when such plans are not used for purposes of construction in Canada."(2)

The Royal Architectural Institute of Canada supported this proposal of the Council. In addition, however, the Council made the following recommendation which did not receive the support of the Institute:

"That, by departmental regulations, plans brought into Canada for reference, educational or bidding purposes, be free of duty and be allowed to be taken outside custom warehouse providing they are not used for construction purposes in Canada. This should also apply to preliminary drawings brought in by a Canadian engineer to assist him in preparing detailed designs in Canada."(3)

(1) Official Report, Volume 3, pages 450-1

(2) Ibid, Volume 1, page 53

(3) Ibid, pages 108-9

It was explained that the Council desired that only complete working plans should enter under tariff item 180f, and that other building plans should enter free under temporary permit. The Council spokesman stated:

"Now, I can give you one instance where a manufacturer wishes to build a factory in Canada and also has a number of factories similar to that one elsewhere in the world. It would be quite useful for the designer to have detailed plans of those other plants because he would then learn exactly what his client wants. The client may suggest certain modifications and the designer himself may want to make some modifications but having these plans available will facilitate his task considerably. We feel he should have free access to those plans as long as the plans are not used as such for construction purposes in Canada. In other words, if the plans are brought in and given out to a contractor for construction they should be dutiable, but if they are brought in by a Canadian designer to assist in designing or preparing detailed plans, they should be brought in free."(1)

The spokesman for the Institute expressed doubt that the recommendation of the Council could be administered. The spokesman for the Air Industries and Transport Association expressed the opinion that plans imported for educational purposes could only be freed of duty by legislation.

The Machinery and Equipment Manufacturers Association made the following proposal for revision of Customs Memorandum D46-13:

"Designs, plans, drawings, or any reproductions thereof, as covered by Tariff Item 180f, when imported for review, reference, educational or bidding purposes, and not to be used for construction in Canada, may be admitted into Canada under such regulations as the Minister may prescribe, without payment of duty, under bond for their exportation within one year from the date of importation. Which period, in the discretion of the Minister, may be extended, upon application, for one or more further periods which, when added to the initial one year, shall not exceed a total of three years. Upon satisfactory proof that such designs, plans, etc., have been destroyed, the obligation under such bond to export same shall be treated as satisfied."(2)

Subsequently, the spokesman for the Association expressed the view that a period of three years was unnecessarily long but that 60 days was not long enough. In explaining the stand of his Association with regard to temporary entry of plans, he stated:

"Designs, plans and drawings to be used for actual construction in Canada would be dutiable under Tariff Item 180f. Producers in Canada sometimes import not detailed drawings

(1) Official Report, Volume 1, page 54

(2) Ibid, Volume 3, page 361



to be used for construction purposes but prototype of general arrangement drawings of plants that have been built elsewhere. Such drawings serve as the model or pattern from which detailed drawings are produced in Canada for the construction of a plant in Canada.

"We propose that such drawings be permitted temporary duty free entry and, as a suggestion, under provisions similar to those of Section 308(4) of the United States Customs Tariff."(1)

The Canadian Construction Association made the following proposal:

"We request that this policy, as set out in paragraph 6 of Customs Memorandum D46-13, November 25, 1960, be changed so as to permit their removal from the customs warehouse under temporary entry during the 60 day period. This would permit their study by contractors, owners, architects and engineers under proper working conditions and without restrictions on working hours." (2)

The Fluor Corporation proposed "that some provision be added to permit temporary entry of items for bidding and inspection purposes."(3)

#### Other Proposals

C.C. Parker, Whittaker and Company Limited, and Edward Lewis Jones and Associates both took the position that tariffs should be applied to a wide range of engineering services. Edward Lewis Jones and Associates made the following proposal:

"The Tariff Board may help Canadian engineering and related industries by rewording tariff items 180E and F (sic) to levy tariffs where foreign services are used in Canada;

Research & Development	3% of the project's cash flow
Feasibility Studies	10% of the project investment therein
Financing	15% of the project's cash flow
Equipment & Design	22½% of the project investment
Plant Engineering Design	22½% of the project investment
Construction Supervision	22½% of the project investment
Construction	22½% of the project investment
Operations	10% of the project's cash flow"

The greater part of the proposal was clearly beyond the scope of the present inquiry.

The Canadian Importers and Traders Association proposed the creation of a new tariff item to provide duty-free entry for:

- (1) Official Report, Volume 3, page 358
- (2) Ibid, Volume 2, page 214
- (3) Ibid, Volume 3, page 478

"shop or working drawings and/or specification detail drawings covering manufactured building components either those of standard design or designed to order"(1)

The Association indicated that it had in mind plans for building components such as accordion folding doors and structural fenestration which are manufactured abroad and which builders and others import.

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(1) Official Report, Volume 3, page 393





## SUMMARY AND CONCLUSIONS

After consideration of the problems arising out of the present enquiry, it seems that the present tariff treatment of architects' plans is not a source of serious dissatisfaction to any of the interests concerned with such plans. It seems equally clear that the engineering profession seeks generally to have certain of its plans made subject to a status very similar to that enjoyed by the architects' plans.

Because of the highly professional nature of the work done by consulting engineers and architects, because most of this work is rewarded by fees, as is the work of lawyers and doctors, and because of the general circumstances surrounding importations and domestic production there is little statistical information suitable for analysis. In urging their various pleas the many interested parties were consequently less able than those in most enquiries to place before the Board facts and figures leading to the conclusions they sought to have adopted. Of necessity many inferences were drawn from rather general principles.

Each of the two professions is governed by provincial legislation and by professional codes which vary from one province to another. Notwithstanding these differences there are so many common features that it is possible for many considerations to be based upon common factual ground.

Generally speaking architects and engineers do not sell plans and specifications in the same manner as shopkeepers or manufacturers sell their wares; in fact there is a marked difference. The consulting engineer or architect gives his professional advice concerning an undertaking. Much of this advice is consigned to paper in plans and specifications which do not become the property of the client who sought the advice; these plans and specifications usually remain the property of the professional adviser; they are instruments of service, the copyright of which is reserved to the adviser; copies of the drawings and specifications are made available to the client for the execution of the work planned and for the client's records; usually they may not be used again and again on any other work by the client nor may the client make them available to others without the consent of his adviser. The author keeps the rights in what *La Fédération Royale des Associations Belges d'Ingénieurs* in its regulations calls "la propriété intellectuelle".

Much argument was made before the Board on behalf of the engineers concerning the ill-effects of the importation of plans and specifications upon the status of the profession in Canada. Much stress was laid, too, upon the emigration of engineers, particularly to the United States of America. The statistics suggest that imports of engineers' plans, drawings or blueprints, of various sorts and variously valued, increased about tenfold from \$515,000 in 1947 to \$5,378,000 in 1953. This was a period of increasing prices and of rapidly increasing construction in engineering projects. In addition, during much of this period, in spite of the pressure of engineering students on educational facilities, engineering services were in



extremely short supply in Canada. Accordingly, it is almost certain that, during this period, the importations of engineering plans and blueprints served to supplement rather than to replace the services of Canadian engineers.

After 1953, imports of engineers' plans decreased very considerably and did not regain their former level until 1959. It is difficult to assess exactly the comparability of the data on the emigration and the immigration of architects and engineers. However, the statistics suggest that, since 1950 at least, there has been a net immigration of architects in every year, and of engineers in each year except 1959 and 1960.

The architects, the engineers and others stressed before the Board the economic loss to the nation from the use of imported plans and specifications because of the common practice of the foreign adviser to specify the use of foreign materials either because they are better known to him or because he seeks to benefit those suppliers in his own country with whom he is in daily contact. Neither the engineers nor the architects were able to measure the severity of the incidence of this factor in terms of dollars and cents - nor indeed was the Board.

Most professional men in Canada receive protection in the exercise of their profession not from the Customs Tariff but from legislation designed for the regulation and protection of the profession. Indeed, general arguments were urged before the Board that a tariff should not be applied so as to prevent the exchange of ideas or scientific knowledge.

One somewhat curious aspect of the treatment of plans is that when the consulting engineer or the architect gives professional advice within Canada and communicates this advice to his client by means of plans and specifications, they are not treated as goods for the purposes of the sales tax imposed by the Excise Tax Act; however, when his counterpart outside Canada gives similar professional advice and it is put on paper for the use of the client as plans and specifications, then these plans and specifications, when they enter the country, are treated as goods for the purposes of both the Customs Tariff and the Excise Tax Act; furthermore, though they are entered as "goods", they are nevertheless valued on a basis related to fees charged for professional services. This contrasts sharply with the practice relating to consultants' plans produced in Canada; in those exceptional cases in which these become subject to sales tax they are valued on a basis unrelated to the fees charged for professional services, as are standard plans.

Thus, generally the consumption or sales tax imposed by the Excise Tax Act is not levied upon plans and specifications made in Canada, whereas generally it is levied upon similar plans imported into Canada. The conflict of this practice with the General Agreement on Tariffs and Trade has already been mentioned as has the fact that it has the same effect as an additional customs duty. The Board cannot fail to take cognizance of this situation if it is to make recommendations upon the tariff status of these goods.

In the view of the Board no tax other than that authorized by the Customs Tariff Act should be levied upon plans and specifications imported into the country which is not also levied upon those produced in the country. With this consideration in mind it has based its recommendations upon duties of customs which would not be enhanced by the application of a sales tax not applied to plans and specifications produced in Canada.

Though the present Customs Tariff provides protective measures for the architects, their really effective protection comes not from these measures but from the legislation governing the exercise of their profession. In its present form the Customs Tariff provides what the engineers deem to be very inadequate protection from external competition and any effective protection they may enjoy from this competition arises also from the legislation governing their profession; this legislation is largely provincial because of the distribution of powers under the British North America Act; it usually limits the classes of persons entitled to give professional advice for remuneration.

Legislation of this type appears to enable the architects to carry on relatively sheltered practices in the provinces and territories. The engineers were more plaintive about the chill climate of competition in which they labour; they did however report that a gentler climate fostered their practice in the Province of Quebec under more restrictive legislation.

Unquestionably, capable architects and engineers confer public benefits which extend far beyond the direct advantages accruing to those who engage their services. This circumstance is recognized, in some degree at least, not only by the legislation that regulates their professional activities but also by the support that is given to professional education and research in these fields. It may be that in Canada additional support is needed to ensure the prompt and efficient solution of problems peculiarly associated with Canadian conditions; however such considerations are not within the scope of this inquiry.

The Customs Tariff is designed to levy rates of duties of customs upon "goods" imported into Canada. In this context the word goods is defined as meaning "goods, wares and merchandise or movable effects of any kind, including vehicles, horses, cattle and other animals".

Consulting engineers and architects do not commonly regard themselves - nor are they commonly regarded - as manufacturers or vendors of plans or other goods; rather they render professional services. Their incomes are not derived principally from the sale or lease of plans but from the fees they charge for their professional advice. In preliminary form, plans are of use principally in developing the professional advice; in their final form, they serve both as a means of communicating the professional advice to clients and contractors and as records.

Neither the letter of the law nor the spirit of the law appears to encompass professional services rendered by architects or engineers in the context of the word "goods" in the Customs Tariff. Nevertheless the imposition of customs duties upon plans valued at a figure in excess of their value as mere goods so as to encompass the fee for professional services rendered is tantamount to placing a customs duty upon the professional fee.

The Board considers that, for customs purposes, plans and specifications should be treated as the goods, wares and merchandise or movable effects that they are and that they should be valued accordingly without the introduction of the element of professional services. For this purpose the value would be taken as the mere cost of consigning the professional advice to paper together with a reasonable profit on this operation.

In this manner the "goods" produced by architects and engineers will obtain a measure of protection under the Customs Tariff; whatever protection is required for the professional services rendered appears to the Board to be outside the scope of its enquiry because it does not fall within the scope of the Customs Tariff.

The Board is aware of the disappointment this recommendation will bring about in both professions. Nevertheless this appears to it to be the only course of action within the proper concept of the Customs Tariff.

In conformity with these principles the Board makes the following specific recommendations concerning the valuation of the plans provided for in Recommended Items I and II for the purpose of determining the duties of customs to be levied upon them; it uses the word "plans" to include the original or any reproduction of plans, drawings and any related specifications, and any substitute for the foregoing:

- 1) That plans prepared and supplied by consulting engineers or architects as part of their professional services and other plans specially designed or adapted to order be valued at the actual cost of production of the final plans and reproductions thereof together with a reasonable profit on that cost. This would include no element for the professional services of the consulting engineers or architects. Additional entries of the same plans should be valued at \$5.00 per pound.
- 2) That plans produced in quantity and offered for sale at a published price be valued at the price for which they are commonly offered in the country of export but not at less than the selling price to the purchaser in Canada.



- 3) That other plans be valued at \$5.00 per pound but not at less than the selling price to the purchaser in Canada.

In paragraphs 1) and 3) of its recommendations on valuation the Board has referred to a value of \$5.00 per pound. This concept is in no way novel; it is used in the United States of America where most plans are valued at \$4.00 per pound; it has been in use in Canada for many years for certain plans on the basis of \$0.75 per pound. It appears to the Board that a valuation at \$5.00 per pound is a closer approximation, on the average, to the current value of such goods.

The current valuation practice distinguishes between plans for buildings in general on the one hand and, on the other, buildings to house "heavy" industries. In its report on a similar inquiry, dated April 2nd, 1952, the Board could find no valid reason for making this distinction because virtually the same building might be erected to house either heavy or light industry. It is of the same view today on this score and would recommend that the distinction be abandoned were this not unnecessary in the context of its general recommendations.

The current Departmental Memorandum on valuation also sets out the practice on the temporary entry of certain plans. At present, competitive plans imported for inspection may be entered for warehouse subject to payment of duty within sixty days unless re-exported; although these plans may be inspected in customs warehouses, they may not be released to the importers.

There were complaints to the Board with a plea for relief from certain aspects of the present practice. It was represented that the period of sixty days was often too short, that the warehouses in which these plans could be inspected were not always suitable for this purpose and that the hours during which the inspection could be carried out placed limitations on work urgent in its nature and large in volume.

The Board recommends that plans - and it uses this word in the same sense as it did for its recommendations concerning valuation - entered for such purposes as inspection or study but not for use in production or construction should be allowed temporary entry for a period of three months; in those exceptional cases where it may be made to appear that this three month period is too short, it could be extended by the Minister of National Revenue.

The present privilege of inspection in customs warehouses without release to the importer should be continued and extended in time; moreover as there does appear to be some evidence of serious inconvenience arising out of inspection in customs warehouses there should also be provision for temporary release to the importer for examination and study under such conditions as the Minister of National Revenue may prescribe to

prevent abuse and to ensure payment of the customs duties if they should later become exigible.

In the two recommended items which follow this Summary, the Board has provided for the plans, maps and charts which now fall within the ambit of tariff items 180e and 180f; however, the apportionment of the various sorts of plans between the dutiable and the free items is somewhat different.

The engineers, the architects and the manufacturers agreed, in general, that plans of structures including buildings and construction work should be made dutiable whether prepared by engineers or by architects; they also agreed that plans of other goods such as equipment and appliances should be allowed to enter Canada free of duty.

In drafting its recommended items the Board has endeavoured to accomplish these results as far as seems practicable. In general, plans for structures would be dutiable in accordance with the provisions of recommended item I, while plans for a great variety of machines and other goods would be admitted free of duty in accordance with the terms of recommended item II.

In minor respects, the recommended items are broader than the two existing items. They would include specifications which are now frequently classified as manuscripts, reproductions of plans and specifications, as well as models when used as substitutes for plans.

No change in rates of duty is recommended but a considerable, though not precisely measurable, volume of engineering plans for structures would be transferred from the free item to the dutiable item. It is probable that a small but not precisely measurable volume of miscellaneous plans would be transferred from the dutiable item to the free item.

It follows then that a larger proportion of architects' and engineers' plans taken together would become dutiable; this would represent an increase in the protection accorded to the manufacturers and vendors of plans as plans.

However, when considered in conjunction with the recommendation that plans be valued as goods without reference to fees, it would appear that the protection given to the professional services of architects by the Customs Tariff would be eliminated.

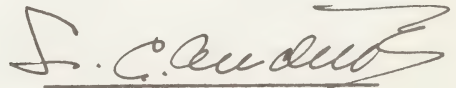
It is more difficult to determine whether the protection accorded to engineering plans would be increased or reduced. No duty is now imposed on the basis of engineering fees except in connection with buildings; indeed most engineers' plans are admitted free of duty; the value of engineers' plans for buildings would be reduced but engineers' plans for other structures would become dutiable. The value for duty of engineers' plans for buildings and other structures would be reduced but a larger proportion of their plans would become dutiable.



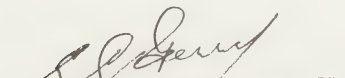
RECOMMENDED SCHEDULE

That Schedule A to the Customs Tariff be amended by striking out tariff items 180e and 180f and the enumerations of goods and rates of duty set opposite each of these items, and by inserting therein the following items, enumerations of goods and rates of duty:

Recommended Item	Goods Subject to Duty and Free Goods	British Prefer- ential Tariff	Most- Favoured- Nation Tariff	General Tariff
I	Plans and drawings, related specifications, any substitute therefor, reproductions of the foregoing, n.o.p.; maps and charts, n.o.p. ....	12½ p.c.	20 p.c.	27½ p.c.
II	Plans and drawings, related specifications, any substitute therefor, reproductions of the foregoing except reproductions of Canadian originals, for the manufacture, assembly, erection, installation, operation or maintenance of machines, test sets, engines, apparatus, appliances, plant equipment, and complete parts thereof .....	Free	Free	Free

  
Chairman

  
Member

  
Member

Ottawa, January 17, 1962.



Notes on Recommended Items

relating to Engineers' and Architects'  
Plans, Drawings and Blue prints

Recommended Item I

- I Plans and drawings,  
related specifications, any  
substitute therefor, reproductions  
of the foregoing, n.o.p; maps and  
charts, n.o.p.....12½ p.c. 20 p.c. 27½ p.c.

This item would provide for the blue prints, building plans, maps and charts now entered under tariff item 180f with the exception of plans for appliances and apparatus. It would also include a substantial volume of engineers' plans for structures that are now admitted free of duty under tariff item 180e. By reason of the words "...drawings, related specifications, any substitute therefor, reproductions of the foregoing," it would attract certain goods not now entered under either of the existing items such as specifications, certain types of reproductions and a model when it is a substitute for a plan. However, on balance, under the Board's recommendations, the value for duty would be substantially reduced and therefore the amount of duty levied would be less than under the present provisions.

The British Preferential and Most-Favoured-Nation rates in the recommended item are the same as those in existing item 180f and lie within the general range of the rates now applied to dutiable printed matter and other reproductions not essentially different from the plans here considered.

Recommended Item II

- II Plans and drawings,  
related specifications, any  
substitute therefor, reproductions  
of the foregoing except reproduc-  
tions of Canadian originals, for  
the manufacture, assembly, erection,  
installation, operation or maintenance  
of machines, test sets, engines, appara-  
tus, appliances, plant equipment, and  
complete parts thereof.....Free Free Free

This recommended item would provide for those engineers' plans now entered under item 180e which are not related to structures as opposed to goods; it would also provide for plans of appliances and apparatus, some of which may now be entered under existing item 180f. In addition, specifications, certain drawings, substitutes and reproductions are not now enumer-

ated in either item 180e or item 180f; the recommended items provide for all of these.

It would appear from the representations made by both the manufacturers and the engineers that the imposition of a duty on these types of plan would merely increase manufacturing costs and would not result in an increase in the production of such plans in Canada.

The wording of both recommended items would provide for certain reproductions that are not specifically enumerated in the existing items; this would be particularly true of some types of printed plans and specifications for installation, operation and maintenance. For this reason the reproductions provided for in recommended item II are limited to reproductions of plans originally produced outside of Canada; reproductions of those originally produced in Canada would be attracted by recommended item I where the rates of duty are in the general range of the rates now applied to dutiable printed matter and other reproductions not essentially different from plans.

Notes on Existing Items

relating to Engineers' and Architects'  
Plans, Drawings and Blue prints

Item 180e

Engineers' plans, drawings or blue-prints of machines and plant equipment, plant layouts, foundations for machinery and other plant equipment, structural supports and towers and similar outside structures, dams, spillways and other hydro construction, wiring, piping, platforms, ladders, stairs, etc., not to include office or other buildings

<u>British</u> <u>Prefer-</u> <u>ential</u> <u>Tariff</u>	<u>Most-</u> <u>Favoured-</u> <u>Nation</u> <u>Tariff</u>	<u>General</u> <u>Tariff</u>
Free	Free	Free

On the deletion of this item, the engineers' plans, drawings or blue prints of detailed plant layouts, structural supports and towers and similar outside structures, dams, spillways and other hydro construction, and of such wiring, piping, platforms, ladders, stairs, etc., as are for structures as distinct from goods, would fall under recommended item I which carries a British Preferential rate of 12½ p.c. and a Most-Favoured-Nation rate of 20 p.c.

Plans of machines and plant equipment, and such other plans including foundation plans, as are required for the manufacture, assembly, erection, installation, operation or maintenance of machines and equipment would fall under recommended item II which provides for entry free of duty.

The value of imports under tariff item 180e increased rapidly from 1947 to a peak of more than five million dollars in 1953; it declined to about two million dollars in 1954 and again increased almost steadily to a peak of more than six million dollars in 1959. Definite information is not available as to the value of plans that might be attracted to recommended item I; however, of the plans imported under item 180e an available sample for the months of February, March and April, 1960 shows that some 80% by value were included in entries which were each valued at \$10,000. or more. These plans apparently related to large projects and many of such plans would become dutiable under recommended item I.



Item 180f

Blue prints, building plans, maps and charts, n.o.p.

<u>British Prefer- ential Tariff</u>	<u>Most- Favoured- Nation Tariff</u>	<u>General Tariff</u>
12½ p.c.	20 p.c.	22½ p.c.

On the deletion of this item most of the imports of blue prints, building plans, maps and charts now entered under it would become dutiable under recommended item I without changes in the rates of duty under the British Preferential and Most-Favoured-Nation Tariff. Some plans for appliances and apparatus now entered under item 180f would be entered under recommended item II which provides for entry free of duty.

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In assessing the effect on total duties, consideration must be given to the Board's recommendation on valuation, which, if adopted, would substantially reduce the value for duty of those imported plans of greatest value; though the effect of the recommended changes in the language of the items is to increase the types of plans which will be subject to duty, the recommended change in the methods of valuation would bring about a substantial reduction in the amount of duties levied on plans in the aggregate.





Appendix 1

General Statistical Data





Table 1

The Supply of Engineers in Canada

<u>Year</u>	<u>Engineers by Census Years (a) Number</u>	<u>Graduations with Bachelor's Degree Number</u>	<u>Under- Graduate Enrolment (b) Number</u>	<u>Estimated Net Immigration of Engineers (c) Number</u>
1931	15,015	418	3,554	..
1939		629	4,281	..
1940		715	4,445	..
1941	19,350	753	4,381	..
1942		676	4,482	..
1943		758	5,434	..
1944		771	4,948	..
1945		759	5,302	..
1946		969	10,884	..
1947		1,097	13,609	..
1948		1,807	14,373	..
1949		3,077	12,874	..
1950		3,521	10,595	95
1951	36,030	2,427	8,367	623
1952		1,639	7,468	928
1953		1,275	7,823	1,528
1954		1,171	8,789	1,193
1955		1,299	10,498	700
1956		1,562	11,702	732
1957		1,715	13,050	1,838
1958		1,938	14,529	290
1959		1,946	14,826	-527
1960		2,039	14,710	-156

(a) Includes surveyors, of which there were 4,404 in 1951

(b) The figures apply to the year in which each college year ended

(c) Estimates by Department of Labour

Source: Dominion Bureau of Statistics except where stated otherwise.

Table 2

The Supply of Architects in Canada

<u>Year</u>	<u>Architects by Census Years</u> Number	<u>Graduations with Bachelor's Degree</u> Number	<u>Under- Graduate Enrolment</u> (a) Number	<u>Estimated Net Immigration of Architects</u> (b) Number
1931	1,298	24	137	..
1939		30	90	..
1940		21	89	..
1941	1,313	24	146	..
1942		11	101	..
1943		20	115	..
1944		21	116	..
1945		22	119	..
1946		26	188	..
1947		44	380	..
1948		48	475	..
1949		89	623	..
1950		174	656	21
1951	1,740	174	591	67
1952		121	536	131
1953		89	488	144
1954		92	495	128
1955		97	497	88
1956		91	566	169
1957		92	580	335
1958		95	607	84
1959		90	624	78
1960		90	625	45

(a) The figures apply to the year in which the college year ended

(b) Estimates by the Department of Labour

Source: Dominion Bureau of Statistics except where stated otherwise.

Value of Construction Work Performed, by Principal Types  
(\$ millions)

Table 3

	1955	1956	1957	1958	1959	(a) 1960	(b) 1961
<u>Building Construction</u>							
Residential	3,378	3,890	3,886	4,102	4,240	4,013	4,200
Industrial	1,737	1,902	1,813	2,189	2,183	1,944	2,044
Commercial	398	604	611	396	416	438	409
Institutional	514	571	656	689	759	712	714
Other building	464	455	519	550	569	613	723
	265	358	287	278	313	306	310
<u>Engineering Construction</u>							
Marine	1,933	2,564	3,137	2,990	2,837	2,876	2,932
Road, highways and aerodrome	76	118	158	155	134	102	89
Waterworks and sewage	519	618	709	712	791	825	815
Dams and irrigation	149	184	200	198	226	219	252
Electric power	39	68	86	50	60	74	133
Railway, telephone and telegraph	338	455	508	501	395	397	381
Gas and oil facilities	313	363	405	401	458	453	390
Other engineering	339	531	741	650	464	475	535
	160	227	330	323	309	331	337
<u>Total Construction</u>	5,311	6,454	7,023	7,092	7,077	6,889	7,132

(a) Preliminary  
(b) Intentions

Source: Dominion Bureau of Statistics

Table 4

Capital and Repair Expenditures 1937-1961  
(\$ millions)

<u>Year</u>	<u>Construction</u>		<u>Machinery &amp; Equipment</u>		<u>Total</u>	
	Capital Expendi- tures	Capital and Repair Expendi- tures	Capital Expendi- tures	Capital and Repair Expendi- tures	Capital Expendi- tures	Capital and Repair Expendi- tures
1937	505	774	304	553	809	1,327
1938	455	732	299	540	754	1,272
1939	467	750	279	534	746	1,284
1940	563	856	465	760	1,028	1,616
1941	809	1,139	656	1,016	1,465	2,155
1942	943	1,300	613	1,016	1,556	2,316
1943	1,021	1,418	500	929	1,521	2,347
1944	745	1,219	598	1,083	1,343	2,302
1945	745	1,258	575	1,066	1,320	2,324
1946	1,044	1,599	630	1,162	1,674	2,761
1947	1,397	2,010	1,043	1,690	2,440	3,700
1948	1,824	2,538	1,263	2,019	3,087	4,557
1949	2,166	2,931	1,375	2,182	3,539	5,113
1950	2,453	3,280	1,483	2,351	3,936	5,631
1951	2,871	3,858	1,868	2,849	4,739	6,707
1952	3,434	4,444	2,057	3,132	5,491	7,576
1953	3,756	4,826	2,220	3,356	5,976	8,182
1954	3,737	4,842	1,984	3,101	5,721	7,943
1955	4,169	5,305	2,075	3,248	6,244	8,553
1956	5,273	6,454	2,761	4,100	8,034	10,554
1957	5,784	7,021	2,933	4,320	8,717	11,341
1958	5,830	7,092	2,534	3,886	8,364	10,978
1959	5,709	7,076	2,708	4,222	8,417	11,298
1960 <sup>(a)</sup>	5,487	6,887	2,713	4,231	8,200	11,118
1961 <sup>(b)</sup>	5,659	7,132	2,647	4,154	8,336	11,286

(a) Preliminary

(b) Intentions

Source: Dominion Bureau of Statistics.

## APPENDIX 2

Memorandum D46-13, Department of National Revenue  
Customs and Excise





## Appendix 2

MEMORANDUM D46-13

DEPARTMENT OF NATIONAL REVENUE  
Customs and Excise

Ottawa, 25th November 1960

Value for Duty, Plans, Drawings and Blueprints

1. (a) Architects' plans or drawings of buildings or additions to or alterations of buildings, or blueprints as substitutes therefor.

Provisionally at 3% of the estimated cost of such construction to be erected, except as provided for in the following;

- (b) Standard house plans produced in quantity for sale, advertised at so much per set:

The open market selling price of the plans in the country of export, but not less than the selling price to the purchaser in Canada.

- (c) Engineers' plans or drawings or blueprints as substitutes therefor for buildings housing process equipment when for paper mills, mining and smelting plants, steel mills, refineries, power plants, and plants of other heavy industries:

Provisionally at 1% of the estimated cost of such construction work.

2. Engineers' plans or drawings or blueprints as substitutes therefor covering engineering work such as plant layouts, foundations for machinery and other plant equipment, structural supports and towers and similar outside structures, dams, spillways and other hydro construction, wiring, piping, platforms, ladders, stairs, etc., when for paper mills, mining and smelting plants, steel mills, refineries, power plants, and plants of other heavy industries:

Provisionally at 1% of the estimated cost of such construction work.

3. When the construction, as referred to in 1(a), 1(c) and 2 above, is completed, the entries are to be adjusted by refund claim or by amending entry, as the case may be, based on an appraised value representing 3% of the actual cost of such completed construction in the case of architects' plans or drawings and blueprints, and 1% of the actual cost of such completed construction in the case of engineers' plans or drawings and blueprints.

4. Plans or drawings and blueprints of machines and other articles of equipment specially engineered to order, including standard designs which have been adapted by alterations thereto:

The cost of producing same (design engineering, material, labour and draughting-room overhead) plus an advance of 25%, provided that the value for duty shall not be less than the actual selling price to the importer, not including the value, if any, of -

- (i) the specifications,
- (ii) engineering supervision in Canada and the travelling, living and other expenses incidental thereto,
- (iii) the rights to manufacture and market the machines or other articles of equipment.

Blueprints of standard designs which in the ordinary course of business have been used in the country of export in the production of standard models of machines and other articles of equipment may be appraised at 75 cents per pound. The value of 75 cents per pound may also be accepted for entry of blueprints when the machines and other articles of equipment are imported.

5. Blueprints or copies of architects' or engineers' plans may be entered at the cost of production thereof after duty has been once paid on the originals or copies thereof in Canada, under the foregoing regulations, upon proof of such payment to the satisfaction of the Collector at the port of entry.

6. Competitive plans imported for inspection may be entered for warehouse subject to payment of duty within 60 days unless rejected and ex-warehoused for exportation. They may be inspected in customs warehouses only (on customs premises or in a specially bonded customs warehouse temporarily established in premises satisfactory to the Collector where plans are to be viewed and selection made), but the plans must not be permitted to be released to the importers.

David Sim  
Deputy Minister of National Revenue  
Customs and Excise







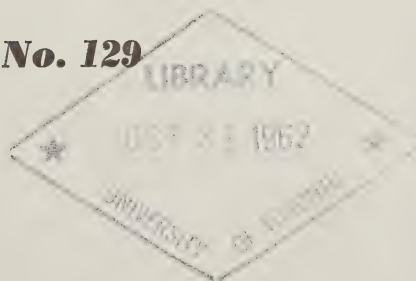


Report by  
**THE TARIFF BOARD**

Relative to the Investigation Ordered  
by the Minister of Finance  
respecting

**TABLEWARE AND GLASSWARE  
FOR DECORATING**

***Reference No. 129***







CANADA

Report by

THE TARIFF BOARD

Relative to the Investigation Ordered

by the Minister of Finance

respecting

TABLEWARE AND GLASSWARE

FOR DECORATING

Reference No. 129

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1962

Price \$1.00      Cat. No. FT4-129  
Available from the Queen's Printer  
Ottawa, Canada

## THE TARIFF BOARD

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Director of Research

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Secretary

---

## PANEL FOR THIS INQUIRY

L.C. Audette, Q.C.	Chairman
F.L. Corcoran	Second Vice-Chairman
E.C. Gerry	Member

---

Economist: L.F. Drahotsky





The Honourable Donald M. Fleming, P.C., Q.C., M.P.  
Minister of Finance  
Ottawa, Ontario

Dear Mr. Fleming:

I refer to your letter of July 8, 1960, in which you requested the Tariff Board to conduct an inquiry respecting tableware and glassware for decorating.

In conformity with Section 6 of the Tariff Board Act, I have the honour to transmit the Report of the Board relating to tableware and glassware for decorating, in English and in French. A copy of the transcript of the proceedings at the public hearing accompanies this Report.

Yours sincerely,

A handwritten signature in dark ink, appearing to read "J. C. Audette", followed by a long, sweeping horizontal flourish that extends to the right.

Chairman



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Explanation of Symbols Used

- Denotes nil or zero
- .. Indicates that figures are not available
- \* Indicates a reported figure which disappears on rounding
- (a) A small letter in brackets denotes a footnote to a table
- (1) A number in brackets denotes a footnote to the text
- s.c. Denotes an import statistical class



## THE TARIFF BOARD

Reference No. 129

An Inquiry Respecting Tableware and Glassware  
for Decorating

The letter from the Minister of Finance, dated July 8, 1960, directing the Tariff Board to conduct an inquiry respecting tableware and glassware for decorating reads as follows:

"I have received a number of representations relating to the provisions in the Customs Tariff for undecorated tableware and for articles of glass and machine-made glass tumblers to be cut or mounted. In these representations various proposals have been advanced concerning the wording of the items as well as the rates of duty.

The present tariff rates applicable to the goods in question are as follows:

Item 287b

Undecorated tableware, for use in the manufacture of decorated tableware entitled to entry under tariff item 287; to be decorated with kiln-fired decoration .....

<u>British Preferential Tariff</u>	<u>Most- Favoured- Nation Tariff</u>	<u>General Tariff</u>
Free	15 p.c.	35 p.c.

Item 326m

Articles of glass, not including plate or sheet or machine-made tumblers, to be cut or mounted, when imported by manufacturers of cut or mounted glassware, for use in the manufacture of such glassware in their own factories, under such regulations as the Minister may prescribe .....

<u>British Preferential Tariff</u>	<u>Most- Favoured- Nation Tariff</u>	<u>General Tariff</u>
Free	Free	32½ p.c.

Item 326n

Machine-made glass tumblers, when imported by manufacturers of cut or mounted glassware, for use in the manufacture of such glassware in their own factories, under such regulations as the Minister may prescribe .....

<u>British Preferential Tariff</u>	<u>Most- Favoured- Nation Tariff</u>	<u>General Tariff</u>
10 p.c.	10 p.c.	32½ p.c.

I, therefore, direct the Tariff Board to make a study and report under section 4(2) of the Tariff Board Act, on the tariff items referred to in the preceding paragraph.

If the Board's study should indicate that amendments to the Customs Tariff are desirable, I would request the Board to prepare a revised schedule of tariff items, with recommendations as to rates of duty."

Public hearing was held in Ottawa from March 20 to March 22, 1961, inclusive.

A list of the Companies and Associations which made representations to the Board follows:

British Pottery Manufacturers' Federation, Stoke-on-Trent, England.  
 Canadian Association of British Manufacturers and Agencies, The,  
 Toronto, Ont.  
 Canadian Importers & Traders Association Inc., Toronto, Ont.  
 Cristalleries du Val St. Lambert, S.A., Val St. Lambert, Belgium.  
 Cutler Brands Limited, Toronto, Ont.  
 Dominion Glass Company Limited, Montreal, P.Q.  
 Georgian China Limited, Collingwood, Ont.  
 Hughes, W.J., & Sons "Corn Flower" Limited, Toronto, Ont.  
 Hycroft China Limited, Medicine Hat, Alta.  
 Medicine Hat & District Council, C.L.C., Medicine Hat, Alta.  
 Smith, Kenneth M., Co. Limited, The, Toronto, Ont.  
 Sovereign Potters Limited, Hamilton, Ont.

Representatives of the following interests were present at the public hearing, but did not make submissions:

Department of National Revenue, Ottawa, Ont.  
 Federal Glass Company, The, Columbus, Ohio, U.S.A.  
 Quebec, Government of the Province of, Quebec, P.Q.  
 Smith, Heber, M.P., Barrie, Ont.  
 United Kingdom Senior Trade Commissioner, Ottawa, Ont.

SECTION ITABLEWARE FOR DECORATINGThe Tariff Item

Undecorated tableware imported into Canada to be decorated is, at present, classified for customs purposes under temporary item 287b:

- 287b Undecorated tableware, for use in the manufacture of decorated tableware entitled to entry under tariff item 287; to be decorated with kiln-fired decoration (Expires 30th June, 1962.)

<u>British Preferential</u>	<u>Most-Favoured- Nation</u>	<u>General</u>
Free	15 p.c.	35 p.c.

Tariff item 287, referred to in tariff item 287b, is as follows:(1)

- 287 All tableware of china, porcelain, semi-porcelain or white granite, but not to include tea-pots, jugs and similar articles of the type commonly known as earthenware

<u>British Preferential</u>	<u>Most-Favoured- Nation</u>	<u>General</u>
Free	25 p.c.	35 p.c.

For the purpose of administering tariff item 287, the Department of National Revenue has defined tableware as "articles commonly used for the purpose of setting a table for the service of meals".(2) Thus, for customs purposes and, consequently, for the purposes of this Report, tableware is intended to include articles such as plates, cups, saucers and soup-bowls or fruit-bowls but not such as vases, bulb-bowls, flower-bowls, ash-trays, nor candle-sticks.

The four types of tableware named in tariff item 287, china, porcelain, semi-porcelain and white granite, are normally made of China-clay, also known as kaolin, and usually have a white body(3), or fracture. For the purpose of administering the item it is not

(1) Tariff item 287 is not before the Board in this Reference.

(2) Customs Memorandum D51-25.

(3) In ceramics, the term body refers to the materials from which the ceramic ware is made; it is also used frequently to refer to the ware after it has been glazed but before it is further decorated.



necessary to distinguish the four types one from the other and it is understood that the Department of National Revenue has never attempted to do so. The wording of tariff item 287 does require, however, that the four types named therein be distinguished from earthenware, which is specifically precluded from entry under the item. The Board has been informed that the Department of National Revenue includes under the term earthenware all types of pottery other than china, porcelain, semi-porcelain and white granite; such other types are usually made of clays other than China-clay and do not, normally, have a white body, or fracture. In popular usage, the term earthenware is sometimes used broadly to mean all types of pottery made of clay, while sometimes it is restricted only to types other than china and porcelain.

Within the meaning of item 287b, decorating means the application of colours or of precious metals, such as gold, silver or platinum, with the aid of heat; this process is described in greater detail in the following subsection.

The tableware destined to be decorated is known in the trade as whiteware, or as the blanks. To qualify for entry under item 287b, the blanks are normally required to have a white, glazed body. However, it is understood that the Department of National Revenue will allow under the item tableware for decorating which is of one solid colour of any hue, providing the colouring covers the entire surface uniformly. Tableware with coloured bands, patterns or other designs is considered to have been decorated and is not allowed entry under item 287b.

The existing item 287b was introduced into the Customs Tariff by Order-in-Council on January 1, 1956 and has been periodically extended ever since. Prior to the introduction of item 287b, undecorated tableware imported to be decorated in Canada, was classified together with all other tableware under item 287. However, from July 1, 1951 to December 31, 1955, drawbacks from the most-favoured-nation duty under item 287 were granted on undecorated tableware imported for use by commercial manufacturers in the manufacture of decorated tableware. These were as follows:

<u>Period</u>	<u>Portion of M.F.N. duty payable as drawback</u>	<u>Rate of M.F.N. duty before drawback</u>	<u>after drawback</u>
From July 1, 1951 to October 31, 1952	50%	25 p.c.	12½ p.c.
From November 1, 1952 to December 31, 1955	90%	25 p.c.	2½ p.c.

The history of tariff items 287b and 287 as well as that of drawback item 1034 is given in greater detail in Appendix A.

## The Decorating Process

Ever since man began to occupy himself with making pottery, he has striven to enhance its appearance by decorating it in colour. The natural clays used by the primitive potter yielded - when fired - a variety of hues and shades and he soon learned to decorate his ware with intricate patterns by mixing together, or superimposing on each other, clays from various regions. Although no longer used to any great extent for making patterns or designs, the clays are still relied upon to impart the basic colouring to the body of some types of ware, such as stoneware.

Glazes are known to have been used in the ancient Egyptian, Syrian and Persian civilizations; their use created a problem for the decorator. A glaze, in its finished form, is really a glass coating fired onto the body. The relatively high temperatures required in firing the glaze tend to change the tint of the natural clay used in the body. To get around this problem, the ancient potter resorted to the use of native earths containing iron, manganese or cobalt which did not change their tint when exposed to high temperatures. These were applied to the body before glazing. This method has survived to the present day and is known as under-glaze decorating; it is particularly suitable for household ware as the colours, once fired under the glaze, do not wear off. The under-glaze designs may be either painted by hand, printed or be applied by a combination of both. The range of colours suitable for under-glaze decorating is limited because of the heat-resistant qualities required.

The limitations of the under-glaze method of decorating led eventually to the development of over-glaze decorating. In this method, ceramic colours are attached to the already fired glaze by re-firing at a lower temperature. Ceramic colours consist of metallic oxides in combination with a flux; they are similar to the coloured enamels used on metal. The over-glaze method of decorating permits the use of a wide range of colours. In the better grades of pottery, the colours are applied by hand, while in the cheaper, mass-produced lines, the colours are applied from lithographic transfers. The development of the over-glaze method of decorating also made possible the use of precious metals, such as gold, silver or platinum.

At the present time, most of the tableware decorated in Canada - other than the heavy-duty type destined for use in restaurants, hotels or institutions - is decorated over-glaze. Both ceramic colours and precious metals are used in decorating. Although some of the decorating is still done by hand, chiefly where relatively simple patterns are involved, most of it is done by means of lithographic transfers. The design in its many colours is lithographed onto a piece of paper. The paper, with the coloured design on it, is known as a decalcomania, or decal; it is not unlike the transfer which children use to "decorate" their arms. The decals are purchased by the decorator from printing firms which specialize in making them. As the first step in the decorating process, the decals are placed in position on the tableware, which had previously been dipped in

varnish to become adhesive. The residual varnish is then washed off and the articles are dried. They are then placed on a rack on which they travel through a kiln. The kiln is a long, tunnel-shaped oven through which the articles move at a very slow speed being gradually heated to a high temperature and then gradually cooled again. The purpose of this process is to fuse the ceramic colours of the design permanently into the surface of the glaze; this happens as the ware reaches the zone of maximum temperature (about 1,300°F) and is accompanied by a slight softening of the glaze. The time required by the ware to pass through the kiln - known as the firing cycle - varies considerably from one decorator to another; it depends on many factors, including the type of kiln and the type of fuel used to fire it as well as on the type, origin and age of the ware to be decorated. Once the articles have passed through the kiln, they are ready for inspection and packaging.

When precious metals are used in over-glaze decorating, they are applied to the ware in the form of a solution consisting of the precious metal combined with a flux. The solution is applied to the article by hand, by means of a roller, or is stamped on. The article is then fired in the kiln in the manner described above. During the firing process, the flux burns off and the precious metal becomes affixed to the surface of the ware. When decorations both in ceramic colour and in a precious metal are employed, they are fired simultaneously during one passage through the kiln.

#### Canadian Decorators

At present, there are in Canada two firms engaged in decorating imported tableware; all of the tableware decorated by these two firms is of the low-priced type known as semi-porcelain. The two firms are:

- (a) Georgian China Limited, of Collingwood, Ontario. This firm was founded in 1948 for the purpose of decorating tableware and, eventually, producing it from clay. It commenced operations in the winter of 1949-50 and since then has been only decorating tableware most of which it imports from Mount Clemens Pottery Company, of Mount Clemens, Michigan, United States of America. About 65 per cent, by value, of the tableware decorated by Georgian China Limited is sold for use as premiums;<sup>(1)</sup> the remainder is sold to department stores, retail jobbers or through an affiliated company, the J.A. Browne Wholesale Limited.

It was as a result of the representations made by Georgian China Limited that the drawback of 50 per cent of the most-favoured-nation duty on undecorated tableware imported to be decorated was granted on July 1, 1951. The firm claimed at that time that the relief from duty was

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(1) When used as premiums, the individual items of tableware are usually either packaged with merchandise, or are exchanged for a stipulated number of premium coupons.



needed if it were to establish itself successfully in business. It is understood that at that time the firm contemplated a fully integrated operation, that is, one including both the manufacture and the decoration of tableware. Upon further representations by Georgian China Limited to the effect that the 50 per cent drawback was not sufficient to permit economic operation, the drawback was increased to 90 per cent effective November 1, 1952. Georgian China Limited is now requesting the removal of the 15 p.c. most-favoured-nation rate of duty in item 287b, which replaced the drawback item on January 1, 1956. The tariff history is set forth in detail in Appendix A.

It is understood that Georgian China Limited no longer contemplates the manufacture of the tableware itself.<sup>(1)</sup>

- (b) Sovereign Potters Limited, of Hamilton, Ontario. This firm has been in existence since 1933; until the spring of 1959, it was manufacturing tableware as well as decorating it but since then it has been decorating only. Originally Canadian-owned, the firm has, since 1947, been owned and operated by Johnson Bros. (Hanley) Limited, of Stoke-on-Trent, a manufacturer of pottery in the United Kingdom. At the present time, some 60 per cent, by value, of the tableware decorated by Sovereign Potters Limited is sold to department stores and retail merchants, while the remaining 40 per cent is sold for use as premiums. Since the spring of 1959, when it ceased manufacturing tableware, the firm has been importing about two-thirds of the blanks which it decorates from its parent company in the United Kingdom; the rest it buys in Canada from Hycroft China Limited of Medicine Hat, Alberta, whose operations are described in paragraph (c) below.

Apart from decorating tableware, Sovereign Potters Limited also glazes ceramic tiles imported from its parent company in the United Kingdom. The company's total sales are about equally divided between the tiles and the tableware which it decorates.

Sovereign Potters Limited is opposed to the request by Georgian China Limited for the removal of the 15 p.c. most-favoured-nation rate of duty on blanks.

In addition to the two firms which only decorate tableware purchased from others, there are at present in Canada two firms engaged in decorating tableware which they themselves manufacture; one of these also sells tableware blanks to the two firms which decorate only, to be decorated by them. The two firms which decorate tableware of their own manufacture are:

- (c) Hycroft China Limited, of Medicine Hat, Alberta. This firm was created in 1955 by the amalgamation of two existing plants, Medalta Potteries Limited and Medicine Hat Potteries;

<sup>(1)</sup> Official Report of Proceedings at the Public Hearing on Reference 129 (henceforth cited as Official Report), volume 1, pp. 77-8.

it is understood to make tableware of semi-porcelain and so-called hotelware for use in hotels, restaurants and institutions. Hycroft China Limited decorates about 30 per cent of the tableware it makes, mostly under-glaze; the remainder it sells either as whiteware to be used undecorated or as blanks to be decorated by the two Canadian decorators.

Hycroft China Limited is opposed to the request of Georgian China Limited for the removal of the 15 p.c. most-favoured-nation rate of duty on blanks.

- (d) Vandesca-Syracuse, Ltd., of Joliette, P.Q. This firm was founded in 1949 under the name of Vandesca Pottery Ltd. In June, 1959, it became associated with Syracuse China Corporation, of Syracuse, N.Y. and adopted the name under which it is known today. The firm makes heavy-duty tableware of the type known as American-type vitrified china. This type of ware is used almost exclusively in hotels, restaurants and institutions because its body is non-absorbent and does not chip easily. The firm decorates under-glaze only.

No representations respecting this type of tableware were made to the Board by Vandesca-Syracuse, Ltd. nor by any other parties.

#### Employment

The three Canadian firms which decorate tableware of semi-porcelain had about 180 employees engaged in production at the end of 1960, compared to about 450 during the peak year of 1958. However, not all of the men and women employed by the three firms are engaged in decorating tableware.

#### Canadian Shipments

Domestic shipments of tableware decorated by Canadian decorators are not reported separately by the Dominion Bureau of Statistics; rather, the Bureau includes such shipments in a category described as pottery, other than art ware, which includes sanitary ware and stoneware as well as other types of pottery. Moreover, the Dominion Bureau of Statistics does not include in its coverage the tableware which has only been decorated in Canada using blanks imported from abroad. The latter category, not included in the Bureau's coverage, now accounts for most of the tableware shipped by Canadian decorators.

The Board has obtained from the two largest Canadian decorators of tableware, Georgian China Limited and Sovereign Potters Limited, information respecting the value of their sales of decorated tableware during the years 1951 to 1960, inclusive. This shows that the combined shipments of the two large Canadian decorators fluctuate



widely from year to year; during the past two years they declined by a little over 50 per cent to a level only slightly higher than the average for the years 1951 to 1955. The rapid fluctuations and the recent decline are, no doubt, attributable largely to the fluctuating nature of and the recent decline in the premium business which, in recent years, accounted for more than half of their combined output. The Board has been informed that, for example, in 1958 about 37 per cent of total Canadian sales of soaps and detergents were accompanied by premiums; at the beginning of 1961, this percentage had declined to 19 per cent; total sales of soaps and detergents were about the same during the two periods.

### Imports

Imports of the type of tableware decorated by Canadian decorators are not reported separately; rather, they are included in import statistical class 7046, together with all other tableware imported under tariff item 287 as well as the blanks imported under tariff item 287b. Imports under statistical class 7046 are shown in the following table; further detail is given in Appendix B.

#### IMPORTS OF TABLEWARE<sup>(a)</sup>

<u>Year</u>	<u>United Kingdom</u>	<u>United States</u>	<u>Japan</u>	<u>Other</u>	<u>TOTAL</u>
	T h o u s a n d s   o f		D o l l a r s		
1939	2,793	50	147	33	3,023
1947	7,897	802	11	110	8,820
1948	10,789	1,227	250	223	12,489
1949	11,169	1,659	227	314	13,369
1950	10,669	1,337	318	348	12,672
1951	13,072	971	634	505	15,182
1952	10,631	1,030	459	323	12,443
1953	11,148	904	496	316	12,864
1954	10,916	1,005	475	461	12,857
1955	10,924	1,332	574	475	13,305
1956	11,387	1,233	818	447	13,885
1957	9,991	1,371	954	587	12,903
1958	11,144	1,740	924	371	14,179
1959	11,300	1,231	885	460	13,876
1960	10,664	1,263	946	426	13,299

(a) Includes imports under tariff items 287 and 287b, statistical class 7046.

Source: Dominion Bureau of Statistics.

The table shows that, on the average, imports from the United Kingdom account for some 80 per cent of the total value of imports under s.c. 7046. A representative of the United Kingdom manufacturers stated at the public hearing that, on the basis of his information, the imports from the United Kingdom were about

evenly divided between china and porcelain on the one hand and semi-porcelain on the other with, perhaps, a slight preponderance of the latter type; he also stated that the United Kingdom manufacturers did not normally sell to the premium market but rather tended to concentrate on the retail market. Imports from the United Kingdom under s.c. 7046 showed no significant trend one way or the other in recent years; this is also true of total imports under this class.

On the basis of the duties collected, the Board has prepared an estimate of the distribution of imports from the United States reported in s.c. 7046 as between those entered under tariff item 287 and those under item 287b. The results are shown in the following table.

IMPORTS OF TABLEWARE FROM THE UNITED STATES,  
BY TARIFF ITEMS

<u>Year</u>	<u>Item 287</u>	<u>Item 287b</u>	<u>TOTAL</u>
	T h o u s a n d s   o f   D o l l a r s		
1956	946	287	1,233
1957	851	520	1,371
1958	746	994	1,740
1959	644	587	1,231
1960	759	504	1,263

Source: Calculated from duties collected on imports reported in statistical class 7046.

The table shows that since the introduction of tariff item 287b on January 1, 1956, the value of tableware imported from the United States to be decorated in Canada fluctuated between \$280,000 and \$1,000,000 annually. In contrast, the value of finished tableware imported from the United States under tariff item 287 remained between \$640,000 and \$950,000 a year.

The value of tableware blanks imported from the United Kingdom cannot be determined from official statistics. The Board has obtained information respecting imports by the only Canadian user of English blanks, Sovereign Potters Limited, of Hamilton, Ontario; because of its confidential nature, this information cannot be disclosed.

Tableware blanks for decorating are not imported from any countries other than the United Kingdom and the United States at the present time.

Proposal by Georgian China Limited

Georgian China Limited, of Collingwood, Ontario, proposed that tariff item 287b be amended as follows:

Undecorated tableware or tableware with coloured band or body for use in the manufacture of decorated tableware entitled to entry under tariff item 287; to be decorated with kiln fire decoration

<u>British Preferential</u>	<u>Most-Favoured- Nation</u>	<u>General</u>
Free	Free	35 p.c.

Thus, the effect of the proposal would be to remove the 15 p.c. most-favoured-nation rate of duty and to enlarge the scope of the item to allow the entry thereunder of tableware with coloured band or body. Tableware with coloured band is, at present, excluded from item 287b, while tableware with coloured body is allowed under it, providing the colouring is on the surface rather than in the body and covers the surface uniformly.

In support of its proposal, Georgian China Limited stated:

"Georgian China Limited feels assured that its methods are the most modern and economical used within the trade and yet it has been unable to produce a profitable return on investment. ...."(1)

More specifically, the firm claimed that the existing rate of duty of 15 p.c. on blanks imported from the United States was too high, making it impossible to sell decorated ware profitably in competition with imports. The firm also stated that blanks of the desired quality and in the required quantities were not available to it in Canada or in the United Kingdom and, as a result, it had to obtain most of its requirements from the United States.

Respecting the proposal to amend the wording of item 287b specifically to include blanks with coloured band or body, Georgian China Limited stated that it was based on the grounds that such blanks were not available to the company in Canada or from the United Kingdom and that there was no reason to distinguish between such blanks and those which are completely white.

Other Proposals and Representations

The proposal by Georgian China Limited to remove the 15 p.c. rate of duty under the Most-Favoured-Nation Tariff was opposed by:

- (a) Sovereign Potters Limited, of Hamilton, Ontario, the other large decorator and one-time producer of tableware blanks;

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(1) Official Report, volume 1, p. 5.

- (b) Hycroft China Limited, of Medicine Hat, Alberta, the only Canadian producer of tableware blanks;
- (c) Medicine Hat & District Labour Council, C.L.C.; and
- (d) Manufacturing interests in the United Kingdom, represented by British Pottery Manufacturers' Federation.

Sovereign Potters Limited explained its opposition to the proposal on the grounds that - since it was no longer profitable to manufacture blanks<sup>(1)</sup> and since it had been unable to obtain blanks at acceptable prices in the United States - it was compelled to purchase blanks either in Canada or in the United Kingdom. For this reason, the firm considered that it "should have some measure of protection against the mass produced U.S. blanks."<sup>(2)</sup>

Hycroft China Limited stated in its written submission to the Board as follows:

"... we are now operating at only one half of our capacity. We have not raised our prices for the past four years.

" If blanks are to be shipped in, which are mass produced from the United States, we will be forced to close up."<sup>(3)</sup>

The above submission was supported by one from the Medicine Hat & District Labour Council, C.L.C.

The manufacturing interests in the United Kingdom were represented at the public hearing by British Pottery Manufacturers' Federation, of Stoke-on-Trent. Members of this federation account for over 80 per cent of the pottery produced in the United Kingdom. In its submission to the Board, the Federation stated, in part, as follows:

" The Federation ... submits that there is no longer any justification for the continuance of a concessionary M.F.N. rate of 15% import duty under Tariff Item 287b, which compares with the normal 25% duty chargeable under the main tariff item 287, and urges that tariff item 287b should not be renewed when its present term of operation expires on 30th June, 1961, thus bringing undecorated 'blanks' within the scope of the 25% M.F.N. duty under item 287."<sup>(4)</sup>

The above submission was endorsed in a written representation placed before the Board by The Canadian Association of British Manufacturers and Agencies, of Toronto, Ontario.

The Canadian Importers and Traders Association Inc., of Toronto, Ontario, went on record as being in favour of continuing the present wording and rates of duty in tariff item 287b.

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- (1) Sovereign Potters Limited ceased manufacturing tableware blanks in early 1959.
  - (2) Official Report, volume 1, p. 111.
  - (3) Ibid., p. 152.
  - (4) Ibid., volume 2, p. 164.



### Evidence and Other Considerations

In assessing the evidence, the Board has taken into consideration not only the evidence placed before it at the public hearing, but also information which it had obtained before and after the public hearing. In some instances, the information which the Board has obtained is in its nature confidential and its disclosure might be prejudicial to the interests of the parties concerned. In such cases, the Board gives its assessment without disclosing in detail all the information on which it is based.

### Financial Considerations

Georgian China Limited based its request for relief from the 15 p.c. most-favoured-nation rate of duty on the grounds that it has been unable to realize a reasonable return on investments; that its lack of profitability is directly attributable to the duty on blanks; and that, at the present time, it is in very serious financial trouble.

The Board has obtained from Georgian China Limited audited financial statements for the years 1951 to 1960, inclusive. An examination was also made of the accounting records of the company. The Board's examination shows that, in most of the years of its existence, the firm realized a profit; in fact, in each of the years since 1953 - with the exception of the year 1956 - after payment of income taxes, its ratio of net profit to net worth was higher than the average for all Canadian manufacturing corporations taken together.

In its submission, Georgian China Limited described the relationship between its profitability and the duty on blanks as follows:

"... the operations of the company were unsuccessful and the company encountered a continual loss situation prior to the granting of the 90% drawback of the 25% duty in 1952. .... During the years 1952 to 1955 inclusive the company flourished despite the general down-grade trend of the industry. However, immediately upon the establishment of a 15% duty in 1956, profits immediately turned to losses."(1)

The financial records of the company indicate that it did, indeed, show little or no profit in the initial years of operation prior to 1952. However, no significant improvement in the company's profitability became apparent until 1954, this despite the fact that - from November 1, 1952 - it had been enjoying the benefit of the 90 per cent drawback of duty. However, by far the best years of the company's operations were the years from 1957 to 1960, inclusive. The most-favoured-nation rate of 15 p.c. ad valorem became effective on January 1, 1956. In the light of the foregoing, there does not appear to have been any precise and direct relationship between the duties on blanks and the company's profitability.

(1) Official Report, volume 1, p. 18.



The company's audited financial statements examined by the Board lent no support to the assertion that Georgian China Limited is, at present, in financial trouble.

#### Sources of Blanks for Decorating

The blanks currently decorated by Canadian decorators are either purchased in Canada or are imported from the United Kingdom or the United States; evidence respecting the three sources of supply and the blanks available from each is examined below.

Canadian Blanks - Georgian China Limited stated that it was unable to buy blanks in Canada owing to the fact that the only Canadian producer of semi-porcelain blanks - Hycroft China Limited, of Medicine Hat, Alberta - has not the capacity to meet its requirements and does not produce blanks of acceptable quality.

On the subject of capacity, the representative of Georgian China Limited testified at the public hearing that, according to his understanding, the present capacity of Hycroft China Limited was from 3 million to 4 million pieces a year, while his own firm's present rate of production was around 15 million pieces a year and its total decorating capacity about 20 million pieces a year.(1)

Hycroft China Limited was not represented at the public hearing and, consequently, the Board was deprived of the benefit of any oral evidence on the company's behalf. From information compiled and published by the Department of Mines and Technical Surveys(2) it appears that Hycroft China Limited reported its capacity during the year 1960 to be 400,000 pieces a month, or 4.8 million pieces a year. Information obtained by the Board shows that during the year 1960 the firm was actually operating at more than one-half of this capacity, and that it was selling about 70 per cent of its output for final consumption either as whiteware or in decorated form. From this it would appear that even if it were operating at its full capacity, Hycroft China Limited would have available, at most, about 3 million pieces annually for sale to other decorators, assuming that it would continue to sell about the same quantity of whiteware and decorated ware as it does now.

The representative of Georgian China Limited testified that his firm's present rate of production was around 15 million pieces a year, while its total annual capacity was around 20 million pieces. The publication of the Department of Mines and Technical Surveys referred to above shows that during the year 1960, Georgian China Limited reported its capacity at 100,000 dozen pieces a month, or 14.4 million pieces a year. The Board's own examination of the company's records showed that its requirements of blanks had never reached the 14.4 million pieces in any one year since the commencement of operations; the average requirement of 15 million pieces

(1) Official Report, volume 1, p. 75.

(2) Ceramic Plants in Canada, 1960, Mineral Resources Division, Department of Mines and Technical Surveys, Ottawa, 1961.

annually given in evidence by the company's representative was very far from being accurate, indeed distressingly so when it is considered that, with the one exception of the year 1958, the company's requirements never reached one-half of this figure.

The representative of Georgian China Limited stated that the tableware blanks made by Hycroft China Limited were of very poor quality. He went on to say:

"It is badly warped, the weight is not uniform, and some of it comes in and it is crazed in that it has fine hairlike cracks running through the glaze. This usually shows up in dinnerware after two or three years usage but their fresh merchandise has this."(1)

However, other testimony by representatives of Georgian China Limited revealed that the firm was currently using blanks made by Hycroft China Limited to complete an order previously held by Sovereign Potters Limited; furthermore, Georgian China Limited regularly uses blanks made by Hycroft China Limited for such items as tea-pots and salt and pepper shakers, which are not available from its supplier in the United States.

Sovereign Potters Limited stated in its submission that it was buying blanks from Hycroft China Limited, chiefly for sale as premiums. When questioned at the hearing about the allegedly poor quality of Hycroft blanks, the representative of Sovereign Potters Limited testified as follows:

"... I can only say this: in 1958 I sold to Loblaws through a distributor \$250,000-worth of one pattern decorated in Hamilton, mainly Hycroft blanks and the rest were produced in Hamilton before we ceased the operation.

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"... I purchased \$100,000-worth of blanks from Hycroft that year and I did not have any complaints and Loblaws are pretty tough. I got no complaints about quality. However, I got one square cup instead of a round one and I got some of it which I would criticise before decorating it which I immediately set aside and took off my invoice and refused to pay for. That would be, let me be fair about it, 1% or 2% of the product and the rest was found to be satisfactory. It is a little bit heavy."(2)

It would thus appear that - although said to be unacceptable to Georgian China Limited - tableware blanks manufactured by Hycroft China Limited have, in fact, been used by both Canadian decorators. In addition, Hycroft China Limited has been successful in marketing its tableware in finished form, either as whiteware or decorated.

(1) Official Report, volume 1, p. 91.

(2) Ibid., pp. 119-20.

The two Canadian decorators stated at the public hearing that the landed cost of the tableware blanks made by Hycroft China Limited compared favourably with that of the blanks imported from the United Kingdom and the United States.

Blanks from the United Kingdom - Georgian China Limited stated that although blanks manufactured in the United Kingdom were, on the whole, cheaper and could be imported into Canada free of duty it could not use them because: (a) for technical reasons it is unable to decorate blanks made in the United Kingdom and (b) it had been unable to locate a source of supply in the United Kingdom capable of supplying all of its requirements.

The difficulties encountered in decorating English blanks were described as follows:

"... the reason why blanks imported from England cannot be decorated successfully in Canada, is due to a phenomenon known in the ceramics industry as 'spit-outs'. Earthenware, being a sponge-like body, readily absorbs its maximum moisture content from the air and such moisture content is substantial. As a result, earthenware which has been exposed to very humid conditions for any length of time will quickly absorb its maximum moisture content. Thus, in the transportation of earthenware from Great Britain to Canada, during which time it is constantly exposed to a very humid atmosphere in the holds of ships, the earthenware invariably absorbs its maximum moisture content.

" The problem of 'spit-out' occurs when earthenware is decorated over the glaze and then fired in a decorating kiln at elevated temperatures in order to properly fuse the decoration into the surface of the glaze. Due to the new washing detergents now on the market, the earthenware must be fired at an extremely high temperature in order to properly fuse the said decoration with the glaze. ...."(1)

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"... as the maximum temperature for fusing is reached two events occur:

- (a) A slight softening of the glaze occurs, and
- (b) the moisture, previously absorbed by the earthenware, turns to steam.

The steam, of course, creates extreme pressure on the softened glaze and as a result the surface is broken in innumerable spots as the steam erupts like miniature volcanoes. The resultant surface of the product is like sandpaper and in fact is covered

(1) Official Report, volume 1, pp. 25-6.

with countless pits the size of pinpoints. This, of course, completely destroys the value of the article for sale purposes due to the appearance of the finished product and furthermore due to the fact that the pits accumulate dirt after usage."(1)

A witness for Georgian China Limited testified that in a recent test of blanks obtained from two different manufacturers in the United Kingdom, spit-out appeared in 25.2 per cent and in 42.3 per cent of the total number of blanks tested in each case.(2) The same witness testified that over a period of years the incidence of spit-out in blanks obtained from the United States was less than one-half of one per cent.(3)

Georgian China Limited filed as exhibits a number of written opinions purporting to show that there is no technological remedy for the problem of spit-out at the present time.

The contention that, at the present time, there is no technological remedy for spit-out was contested by the representatives of Sovereign Potters Limited and of the manufacturing interests in the United Kingdom. The spokesman for Sovereign Potters Limited testified that the firm had been importing blanks from the United Kingdom regularly over the past year and a half. He went on to say:

"The figures on my last month's production give me approximately one-quarter of one per cent spit-out which is insignificant in pottery production."(4)

The spokesman for Sovereign Potters Limited explained that his firm's ability to decorate blanks from the United Kingdom was due to the fact that they were specially treated to prevent spit-out. He said that the method was discovered in the United Kingdom in about 1955 and that it had been practiced by English potteries for the last two or three years.

The existence of a practicable method of preventing spit-out was confirmed by the spokesman for British Pottery Manufacturers' Federation. He said that the method was discovered in the course of a research on spit-out conducted by The British Ceramic Research Association. This is understood to be a voluntary organization consisting of representatives of the United Kingdom government and of the United Kingdom pottery industry; some 80 per cent of the pottery manufacturers in the United Kingdom are said to be members. The results of the Association's research are made available to members only. The method of preventing spit-out was described in the Association's confidential research paper dated December, 1955; the spokesman for British Pottery Manufacturers' Federation made a copy of the paper available to the Board on a confidential basis.

(1) Official Report, volume 1, pp. 26-7.

(2) Ibid., p. 40.

(3) Ibid., p. 41.

(4) Ibid., p. 114.



The method of preventing spit-out is, apparently, a relatively simple process which can be performed either by the manufacturer of blanks, or by the decorator prior to firing. In the case of Sovereign Potters Limited, the treatment is applied at the parent company's plant prior to shipment to Canada. However, when blanks have been stored at the Hamilton plant for a lengthy period of time or when they were not treated prior to shipment to Canada, Sovereign Potters Limited can apply the treatment at its Hamilton plant. The cost of the treatment is said to be about 1¢ per dozen of blanks; the average price of a representative range of blanks normally imported from the United Kingdom is said to be \$1.20 per dozen. There is, apparently, no significant difference in the cost of the treatment, whether applied in Canada or in the United Kingdom.

The representative of British Pottery Manufacturers' Federation stated under cross-examination that - with the exception of Sovereign Potters Limited - he knew of no other decorator outside of the United Kingdom who had been supplied with the knowledge of the treatment for preventing spit-out. He also testified that this information would not normally be available outside of the membership of The British Ceramic Research Association.

Concerning the inadequacy of the supply of blanks from the United Kingdom, the representative of Georgian China Limited testified as follows:

"... I made certain enquiries from some of the factories as to the volume they could produce if it were technically feasible /to decorate/, and I was doing it so we could hypothetically make these answers later on. It was not done with the intention of buying them, because it was impossible to do that; but, I couldn't find any factories capable of supplying the quantities."(1)

The spokesman for Georgian China Limited also testified that his firm tried without success to purchase blanks of bone china in the United Kingdom. He said:

"... we tried to buy bone china that could successfully be imported into Canada and decorated because it has a solid compact body and the spit-out is not a problem. There is no point in buying earthenware in England because of the arguments we have raised already."(2)

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"We could not get any bone china at all for decoration."(3)

The representative of British Pottery Manufacturers' Federation sought to contradict the testimony of Georgian China Limited to the effect that blanks for decorating were not available

(1) Official Report, volume 1, p. 33.

(2) Ibid., p. 32.

(3) Ibid., p. 33.



in the United Kingdom in sufficient quantity. He said that, apart from selling to Sovereign Potters Limited, United Kingdom manufacturers had also sold blanks to decorators in Greece and in the United States of America. He also cited a number of letters from manufacturers in the United Kingdom offering to supply blanks to Georgian China Limited; all of the letters were dated after January 1st, 1961, whereas public notice of this Reference was given in the Canada Gazette on August 13th, 1960.

Under cross-examination the representative of British Pottery Manufacturers' Federation testified as follows:

QUESTION: "You did say there wasn't any -- perhaps I am putting words in your mouth: the industry in England has not promoted the sale of blanks: would that be fair?

ANSWER: "That is very fair, yes sir.

QUESTION: "Because the industry in England is a fully integrated industry and produces decorated dinnerware?

ANSWER: "Yes.

QUESTION: "And this is their chief concern in sales?

ANSWER: "Oh, indeed."(1)

The representative of British Pottery Manufacturers' Federation also testified that, as far as he knew, no member of his Federation ever approached Georgian China Limited with an offer to supply blanks to them; nor has Georgian China Limited ever approached any member of his Federation. He also testified that - apart from Sovereign Potters Limited, of Hamilton, Ontario, and a customer in Greece - he did not know of any instance where blanks for decorating were being exported from the United Kingdom.

With respect to the ability of any single United Kingdom producer to supply the requirements of Georgian China Limited, the representative of the United Kingdom interests testified as follows:

"... I am sure you will appreciate that the supply of quantities such as was discussed yesterday - something like 15,000,000 pieces a year - is, first of all, not a quantity that can be undertaken by one firm. A number of firms had to be brought in to see what sort of supplies they could make available of blanks, at the same time keeping up our other export business to something like 120 other markets in the world."(2)

(1) Official Report, volume 2, p. 192.

(2) Ibid., p. 165.

The evidence before the Board indicates that spit-out continues to be a problem for those decorators not familiar with the process for preventing it; that, with the exception of Sovereign Potters Limited, the method of preventing spit-out is not known to Canadian decorators at the present time; that no effort has been made by manufacturers in the United Kingdom to sell blanks for decorating to Georgian China Limited; and that the United Kingdom manufacturers do not normally sell blanks abroad but prefer to export decorated ware instead.

Blanks from the United States - Georgian China Limited stated in its submission that:

"The only dependable nearby source of blanks are plants situated in the United States of America."(1)

It is for this reason that it has requested the removal of the 15 p.c. rate of duty under the Most-Favoured-Nation Tariff in item 287b.

The representative of Georgian China Limited testified that his firm was currently purchasing most of its requirements from the Mount Clemens Pottery Company, of Mount Clemens, Michigan. He described the working relationship between his firm and the Mount Clemens Pottery Company as follows:

"The merchandise we receive today was made the day before yesterday; in other words, as it comes out of the Mount Clemens kilns -- they have no storing facilities there; they don't store dinnerware at all. ... But, it is shipped directly from the kiln to us. The trip takes 10 or 12 hours, in respect of the transportation, and coming through customs, and so forth, and on arrival in our plant it is used within 24 to 48 hours. We are living hand-to-mouth all the time with production."(2)

Another representative of Georgian China Limited testified that the incidence of spit-out among the blanks from the United States is very low having, over a period of years, averaged at less than one-half of one per cent of the blanks used.

The characteristics of the premium business, which is said to account for some 65 per cent of Georgian China's total sales, were cited as another reason why the firm prefers to purchase its blanks from a nearby source. During cross-examination a representative of Georgian China Limited described the premium business as follows:

QUESTION: "Dealing with the premium ware, how do they work that out and how do your orders come to you?"

ANSWER: "The premium business is usually a voluminous business, it is the type of business that fluctuates very rapidly ... I am thinking

(1) Official Report, volume 1, p. 31.

(2) Ibid., p. 71.

perhaps of the soap people that put dishes in soapflakes; one week these people will put in a certain item in their package, a dinner plate and they think they will not need dinner plates for another four or six weeks. However, the next week they will have cups and the next week saucers but then they may turn around and we have to make dinner plates all over again and we have to change our process almost overnight.

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QUESTION: "Does this require constant supervision from your order standpoint?

ANSWER: "Yes, it is a daily thing, we are checking every day.

QUESTION: "This requires you to be in touch with your supplier every day?

ANSWER: "We usually let them know what we will require two or three days hence.

QUESTION: "And your supplier has then two days ---

ANSWER: "Yes, fortunately the supplier makes the stuff in sufficient volume to look after our needs."(1)

The Board's investigation showed that Georgian China Limited has, indeed, consistently enjoyed almost immediate delivery of its orders placed with the Mount Clemens Pottery Company; as the distance between Mount Clemens, Michigan and Collingwood, Ontario, is about 250 miles, the time in transit must be very short. However, the company's records indicate that, in recent years, its inventories of blanks at year-end were, on the average, at a level equivalent to one-month's production.

Commenting on the evidence on behalf of Georgian China Limited, the representative of Sovereign Pottery Limited stated as follows:

"I would like to say that Mr. Browne has got a source of supply from the United States from the biggest and best and cheapest /source/ and the fine ware, semi-porcelain and similar material is not available at those prices. I do not know his prices but I know they must be very good because he could compete with me very successfully. Now, I have tried to obtain supplies from the same source and been turned down continually: I cannot get them. ....(2)

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(1) Official Report, volume 1, pp. 81-2.

(2) Ibid., pp. 135-6.



The Board has obtained information respecting prices from the two Canadian decorators and from one large purchaser of decorated ware. This shows that under the present provisions of tariff item 287b the landed cost at Hamilton, Ontario of blanks imported from the United Kingdom is somewhat less than the landed cost at Collingwood, Ontario of the blanks imported from the Mount Clemens Pottery Company. However, the existing differential is such that the abolition of the 15 p.c. most-favoured-nation rate of duty would change this relationship in favour of the blanks imported from the United States.

### Competitive Position

Georgian China Limited stated in its submission:

"Georgian China Limited is at the present time in very serious financial trouble due to the increasing foreign competition and indeed has been put on notice by two of its customers, the orders from which represented 62% of the company's production, that they intend to cease relations with the company in the near future as they are well cognizant of the fact that they can purchase the same product on an imported basis at a price 15% to 20% less than they are now paying."(1)

In the course of the public hearing, a representative of the company elaborated on the above as follows:

"It is a matter of price alone .... The product itself is pretty generally the same regardless of where it emanates from -- whether from England or the States or Canada. It is about the lowest grade you can get for the money; it is cheap earthenware and it has to be mass-produced. I think Mr. Hamilton covered it when he said imports have to be stockpiled, and it costs money, and therefore we do have a slight advantage over imports, but this is more than offset by the lower cost of imports. We are still at about a 15% handicap."(2)

Georgian China Limited adduced no evidence to show that imports of decorated tableware of the type which it decorates have, in fact, increased or that any one of its customers has actually imported decorated tableware in preference to purchasing it from Georgian China Limited.

As already noted in the subsection dealing with imports, the total imports of the type of tableware decorated by Georgian China Limited - namely those of cheap semi-porcelain - cannot be exactly ascertained; for statistical purposes, they are combined with imports of all four types of tableware entitled to entry under tariff item 287, as well as with those of blanks imported under tariff item 287b.

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(1) Official Report, volume 1, p. 19.

(2) Ibid., pp. 20-21.

In order to arrive at some indication of the extent to which import competition may have been responsible for the recent decline in the volume of tableware decorated by Georgian China Limited, the Board has made a calculation based on information elicited in confidence. From this it is evident that the recent decline in the volume of tableware decorated by Georgian China Limited is attributable chiefly to a substantial reduction in its sales of tableware for use as premiums. As noted in the subsection dealing with "Canadian Shipments", the decline in the volume of tableware used as premiums appears to be due largely to a general decline in the popularity of the dubious practice of attempting to stimulate the sales of products by means of premiums. The Board was informed by a large purchaser of premium ware that it had not imported tableware in preference to having it decorated by Georgian China Limited, although recently it received an offer of similar merchandise from the United Kingdom at a landed cost 17 per cent below that which it now pays.

The Board has made a calculation of the approximate effect of the removal of the 15 p.c. most-favoured-nation rate of duty on: (a) the landed cost of blanks to Georgian China Limited and (b) the price at which Georgian China Limited sells to large users. The calculation shows that with the removal of the 15 p.c. rate of duty the landed cost to Georgian China Limited of the blanks imported from the Mount Clemens Pottery Company would decrease, on the average, by about 12.5 per cent and that, as a result, it could lower its final selling price by about 6.3 per cent.<sup>(1)</sup> In the calculation it was assumed that all the other elements of cost - such as the freight on blanks, decorating and packaging expenses as well as profit - remain the same as they are now.

Thus, it appears from the preceding that the recent decline in the volume of tableware decorated by Georgian China Limited is attributable chiefly to a substantial reduction in its premium sales, that there is little evidence to support the contention that imports have had a significant effect on the company's operations, and that the removal of the 15 p.c. most-favoured-nation rate of duty would enable the company to lower its price to large users by about 6.3 per cent, on the average, without affecting its present level of profit.

#### Blanks with Coloured Band or Body

With respect to its proposal to amend the wording of tariff item 287b to allow the classification thereunder of undecorated tableware with coloured band or body, Georgian China Limited stated:

"Insofar as the question of earthenware blanks with coloured bodies or bands are concerned the points concerning the availability of the same in Canada and the feasibility of importing the same from England, ... are equally applicable to them.

<sup>(1)</sup> The cost of blanks accounts, at present, for about 50 per cent of the selling price.



" In addition thereto, Georgian China Limited is unable to colour earthenware blanks under glaze and the Canadian labour content is far greater in the decoration of such blanks. Also the Company fails to understand why a distinction should be made between blanks manufactured of white clay and blanks manufactured of, if nothing else, a naturally coloured clay." (1)

The Board understands that, at present, the Department of National Revenue allows under tariff item 287b tableware blanks coloured uniformly in one solid colour, providing the colouring is on the surface, rather than in the body. Tableware coloured in the body, that is to say, where the colouring is in the clay, is normally not considered to be of the type entitled to entry under tariff item 287 and, consequently, is also excluded from item 287b. Blanks with coloured bands, patterns or other designs are also excluded from item 287b as they are considered by the Department of National Revenue to have been decorated. It is understood that, for technical reasons, the colouring whether uniform or in the form of a band is normally applied to the body under glaze.

When questioned about the use of blanks with coloured bands or body, the representative of Georgian China Limited testified as follows:

QUESTION: "Now, what percentage of your blanks may have either a coloured body under glaze, of course, or a coloured band under glaze?

ANSWER: "Since 1952 or 1953 none, no percentage at all, we have not handled it at all.

QUESTION: "Why do you seek this introduction into the item?

ANSWER: "As Mr. Hall [of Sovereign Potters Limited] mentioned, the demand for certain types of decorations do run in cycles just like women's hats and other things; ... Because of that we feel that the next several years there will be a demand for a more expensive type of decoration with a coloured band underneath and featured as part of the decoration." (2)

The representative of Sovereign Potters Limited commented on the proposal to include blanks with coloured band or body in item 287b as follows:

QUESTION: "Were it a uniform colour all over but not in the clay, incorporated under glaze, would you still hold the same view that it should be incorporated --- [in tariff item 287b/

(1) Official Report, volume 1, p. 34.

(2) Ibid., volume 2, p. 212.

ANSWER: "No sir, I would think it would be decorated then.

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QUESTION: "Your proposal would be that a colour - a uniform overall colour applied over the glaze or, indeed, a band of colour would be decorated tableware as opposed to undecorated?

ANSWER: "Yes, sir.

QUESTION: "Should be, rather?

ANSWER: "Yes, sir.

QUESTION: "Do you know what percentage of imported goods may indeed be of this solid colour either under glaze or baked into the clay? Is this extensively used?

ANSWER: "The all-over job is not used very much at all, I would say 5% would be an exaggerated percentage of the body - that is the colour all over.

QUESTION: "And the coloured band, is this imported extensively for use?

ANSWER: "From England a certain amount of decorated is brought in with coloured band under the glaze and sometimes on the glaze.

QUESTION: "Brought in for further decoration?

ANSWER: "No, sir.

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QUESTION: "It is brought in as decorated china and sold as decorated china?

ANSWER: "Yes. ...."(1)

Thus, it appears from the evidence before the Board that there is no agreement among the two Canadian decorators as to whether, or not, blanks with solid colour or coloured band are, in fact, decorated; and that, in any event, blanks with coloured body or band are not at present imported into Canada to be decorated.

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(1) Official Report, volume 1, pp. 127-8.



## SUMMARY AND CONCLUSIONS

The decoration of whiteware is a very small sector of Canada's industry; it is nevertheless of very real importance to those for whom it provides employment, to those who have invested their money in it and to the communities in which it is established.

All of the whiteware imported to be decorated is of the less expensive type known as semi-porcelain. There are in Canada three firms engaged in decorating this type of tableware. Two of these firms, Georgian China Limited, of Collingwood, Ontario, and Sovereign Potters Limited, of Hamilton, Ontario, only engage in decoration while the third, Hycroft China Limited, of Medicine Hat, Alberta, not only decorates tableware but also makes the tableware itself. Georgian decorates mainly blanks imported from one supplier in the United States of America. Sovereign imports about two-thirds of its blanks from its parent company in the United Kingdom and buys the remainder from Hycroft, the only Canadian producer of semi-porcelain tableware.

At the present time decorators who import tableware blanks for decoration bring them into Canada free of duty from countries enjoying the benefits of the British Preferential Tariff and subject to a rate of duty of 15 p.c. from countries admitted to the benefits of the Most-Favoured-Nation Tariff.

Among those interests which made representations to the Board only Georgian China Limited sought to effect any reduction in the existing tariff rates; the reduction sought by the company was the substitution of free entry for the 15 p.c. rate now in force under the Most-Favoured-Nation Tariff.

In support of its contention that the existing rate of duty under the Most-Favoured-Nation Tariff is too high for a Canadian firm to carry on the business of decorating blanks, Georgian China Limited urged many things: its inability to realize a reasonable return on investment, the adverse effect upon its operations of the existing tariff treatment accorded to blanks and of competitive imports of decorated tableware, the lack of Canadian production of blanks of acceptable quality, the difficulty of its supply problem arising out of its very large annual requirement of 15,000,000 pieces, the inadequacy of blanks obtained from the United Kingdom because of the phenomenon known as "spit-out", its unsuccessful attempts to purchase blanks in the United Kingdom and its success in obtaining acceptable blanks from the United States of America.

It is clear that Georgian China Limited had been successful in obtaining acceptable blanks from the United States of America, that Hycroft China Ltd. reports its total capacity as being below Georgian's recent total requirements and that Georgian may have experienced difficulty in obtaining and in decorating blanks from United Kingdom sources.



However, on balance, the evidence, including in most instances that adduced by the company itself, leads the Board to conclusions of fact largely divergent from the factual representations made on behalf of the company.

Georgian China Limited urged its inability to realize a reasonable return on investment. It is true that the company made little or no profit at the very outset; however in each of the years since 1953, with the one exception of 1956, its ratio of net profit, after payment of income tax, was higher than the average for all Canadian manufacturing corporations taken together. From November 1952 to January 1956, because of the former drawback item 1034, the rate of duty payable by the company on its imports of blanks was only  $2\frac{1}{2}$  p.c.; from January 1956 to the present time the rate has been 15 p.c.; nevertheless the most profitable years of operation were those from 1957 to 1960 inclusive. In these circumstances it is more than difficult to find the relationship claimed between rates of duties of Customs and the company's profits.

Georgian China Limited stressed the serious effects upon its business of competitive imports of decorated tableware. The evidence showed premium sales to form a very substantial part of the business of tableware decoration; recently the tableware premium appears to have declined in popularity where it was used. The decline in volume of tableware decorated by Georgian China Limited seems more attributable to this decline in the premium market than to import competition.

The failure of the only Canadian producer of blanks, Hycroft China Limited, to produce blanks of acceptable quality was not established. In his evidence, the representative of Georgian China spoke of faults indicative of poor quality. However Sovereign Potters Limited, in the evidence adduced on its behalf, showed the Hycroft product to be of a quality acceptable to Sovereign. Hycroft, moreover, markets its tableware successfully both as whiteware and as decorated tableware. Indeed Georgian itself, at the time of the inquiry was using Hycroft blanks for tableware and for other pottery products.

Georgian China Limited urged before the Board its large annual requirements to stress its difficulty in obtaining its requirement in Canada or the United Kingdom from a single producer. The company's representative stated these requirements to be 15,000,000 pieces annually. The Board's examination of the company's own records revealed that, notwithstanding the statement made to the Board at the public hearing, the company's requirements not only never reached this figure but indeed, with the exception of only one year, never reached one half of this figure. The Board has consequently attached but little importance to this statement as support for the company's plea.

The company urged the inadequacy of the United Kingdom blanks because of "spit-out". Yet there was extensive evidence to show technological developments, at least among the members of the British Pottery Manufacturers' Federation, which remedied this defect.



However there was also evidence of a marked lack of zeal among United Kingdom producers in promoting the sale of blanks abroad. This reluctance appears to originate from the fully integrated nature of the industry which seeks primarily to produce and sell decorated tableware with the consequent enhancement of profit resulting from the decoration. This is fully understandable but places in question the real value of the preferential treatment accorded to the British industry by tariff item 287b.

On close analysis, evidence adduced by Georgian China Limited concerning its negotiations to obtain blanks in the United Kingdom loses much of its value in support of the company's case; the company's difficulties in obtaining blanks were greatly stressed; however they were stressed in relation to the semi-porcelain blanks whereas the company's enquiries appear to have been directed towards bone china.

The Federation cited before the Board many letters to it from its members offering to supply Georgian China Limited with blanks; the fact that these letters were written after publication of notice of this Reference to the Board takes away much of their cogency against the case of Georgian China Limited, a cogency otherwise somewhat limited by the fact that the letters were sent to the Federation and not to the company.

On this same score it is curious to note that Sovereign Potters Limited, in the evidence on its behalf, represented that it had tried unsuccessfully to obtain supplies from the same United States source as Georgian China Limited and been turned down continually. Manufacturers of blanks - in both the United Kingdom and the United States - might appear to labour under a curious reluctance to sell their products which is not characteristic of manufacturers generally who usually bend every effort to sell their wares. However, save in exceptional circumstances, it seems clear that those in the pottery business quite naturally seek to market the decorated product in preference to the blank.

Georgian China Limited attached to its submission, filed with the Board and distributed to interested parties, a reproduction of a solemn declaration containing derogatory statements of opinion about another company. The Board has not given this extraordinary document any consideration whatsoever in arriving at its conclusions.

In its proposal to the Board Georgian China Limited sought, over and above free entry of blanks from most-favoured-nation sources, to allow classification therewith of tableware undecorated except for a coloured band.

The evidence reveals that some such tableware is imported for sale as decorated tableware but none for further decoration. The company's plea on this score was represented as prudent anticipation of possible change in public taste.

Such tableware was shown now to be sold as decorated ware; to allow it free entry would have the double disadvantage of eliminating the existing protection to the exercise of a skill in Canada

and of creating administrative difficulty. If the band were double, or not entirely straight in its contour, or of more than one colour, or of gold or silver, thorny questions of interpretation could arise to plague the existence of the Customs officer and the taxpayer - a most undesirable result. Because such tableware can be sold as decorated ware the necessary surveillance would better be exercised by the Customs administration through a drawback item; otherwise there might be a good deal of difficulty arising out of such goods being imported for decoration but sold as decorated tableware without further decoration.

Georgian China Limited further sought that the wording of tariff item 287b be amended by adding thereto words to include tableware with coloured body. The practice of the Customs administration has been to include within the item tableware uniformly coloured with only one colour when it is imported for further kiln-fired decoration. The Board sees no need to recommend any alteration in this practice; for clarity, it recommends the introduction of wording to include in the item undecorated tableware the surface of which is uniformly coloured in only one hue.

Of those who opposed the proposal to reduce the most-favoured-nation rate of duty all but two were interested in the promotion of imports from the United Kingdom; these imports now enjoy duty free entry; the opponents of the reduction obviously sought to avoid any interference with their preferred position.

The one Canadian producer of undecorated tableware for decorating is faced with import competition; however since undecorated tableware is imported free of duty from the United Kingdom at a cost less than tableware imported from the United States the interests of the Canadian producer could not be fully protected without imposing a rate of duty on imports from the United Kingdom. The Canadian producer made no representations for such relief; indeed he made no representations at all other than two short written pleas that no change be made.

The present rates of duty give a cost advantage to imports from the United Kingdom over those from the United States; the substitution of free entry for the present 15 p.c. most-favoured-nation rate of duty would merely reverse the position. However the British pottery manufacturers do not, to any great extent, exercise their advantage because of their reluctance to export blanks or tableware which is undecorated.

A reduction in the most-favoured-nation rate from 15 p.c. to 10 p.c. would place the American producer on a substantial basis of equality with his British competitor for the Canadian market; the reduction would also remove an element of cost to the Canadian consumer designed for the maintenance of a preference of which negligible advantage is taken.

In all the circumstances the Board therefore recommends a tariff item providing for the same goods now entered under temporary item 287b and a change in rate, in the Most-Favoured-Nation Tariff only, from 15 p.c. to 10 p.c. The Board's recommendation is incorporated in Item I of the Recommended Schedule on page 83.





SECTION IIGLASSWARE FOR DECORATINGThe Tariff Items

There are before the Board two tariff items providing for glassware imported to be decorated: one provides for machine-made tumblers (item 326n) and the other, for all articles of glass other than machine-made tumblers (item 326m). The wording and the rates of the two items are shown below; Their history is given in detail in Appendix A.

- 326n Machine-made glass tumblers, when imported by manufacturers of cut or mounted glassware, for use in the manufacture of such glassware in their own factories, under such regulations as the Minister may prescribe

<u>British Preferential</u>	<u>Most-Favoured- Nation</u>	<u>General</u>
10 p.c.	10 p.c.	32½ p.c.

- 326m Articles of glass, not including plate or sheet or machine-made tumblers, to be cut or mounted, when imported by manufacturers of cut or mounted glassware, for use in the manufacture of such glassware in their own factories, under such regulations as the Minister may prescribe

<u>British Preferential</u>	<u>Most-Favoured- Nation</u>	<u>General</u>
Free	Free	32½ p.c.

Machine-made tumblers are the common, stemless drinking glasses; the term machine-made is used to differentiate them from those that are hand-blown or hand-pressed. It is understood that most of the tumblers made today are machine-made. Articles of glass other than machine-made tumblers include virtually all other types of glassware, including glass tableware such as plates, bowls, pitchers, jars, salt and pepper shakers and all types of stemware<sup>(1)</sup>, as well as glassware other than tableware, including ash-trays, vases and all types of containers, such as bottles or flasks. The Board found no evidence of containers being imported under item 326m at the present time, nor was there any argument or evidence respecting containers presented during the public hearing. Consequently, as used

(1) Stemware is a collective term used with reference to that glass tableware supported by a stem arising out of a flat base; wine-glasses and goblets are typical examples of stemware.



throughout this Report, the term glassware does not include glass containers, such as bottles, nor plate or sheet glass, both of which are specifically excluded from tariff item 326m.

No regulations have been prescribed by the Minister of National Revenue respecting these tariff items. However, for the purpose of administering the items, the Department of National Revenue has issued rulings qualifying the word "cut" and explaining the meaning of the word "mounted". The rulings are as follows:

The Department requires that articles of glass imported to be cut be embellished by bona fide cutting to the extent of not less than 25 per cent of the value for customs entry purposes and a certificate to the effect that the article will be so enhanced in value by actual cutting should be subscribed to on the face of the import entry.

The Department holds the word "mounting" in relation to glassware to mean to substantially embellish or ornament the article of glass itself, by placing thereon, permanently affixed thereto, a decoration in gold, silver or other metal; the word does not mean attaching an article of glass to, or combining it with some other article, such as a stand, base, handle or frame.

The Department does not consider glassware decorated with gold, other precious metals or ceramic colour by means of a paste or liquid applied by brush, roller or the silk screen process, and glassware decorated with coloured glass frit, to be mounted within the meaning of tariff items 326m or 326n.(1)

Thus, the two tariff items as currently administered by the Department of National Revenue provide for the importation of glassware which is to be decorated only by cutting or mounting. Glassware imported for decoration by other processes, in particular by application of colours or of precious metals, is not now allowed entry under the items, although it is understood that in some instances it used to be so entered prior to June, 1959. Since then, machine-made tumblers imported to be decorated with colours or precious metals have been classified under item 326(1) and the other glassware under item 326(2). Although neither of these items is before the Board in this Reference, the technique of decorating with colours or precious metals is discussed in this Report in considerable detail, since its increasing importance relative to cutting or mounting led to some of the proposals placed before the Board by interested parties.

At present, the machine-made tumblers and other glassware are allowed under items 326n and 326m respectively, whether or not they had been partly decorated prior to importation, providing they meet all the other requirements for entry.

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(1) Based on a departmental memorandum made available to the Board by the Department of National Revenue.

While the tariff items before the Board do not relate to the manufacture of glassware, an understanding of it is required in order that the various considerations placed before the Board by interested parties may be adequately assessed. For this reason comprehensive descriptions both of the process of manufacture and of decorating are given in the two subsections which follow.

### Manufacture of Glassware

Glass is an inorganic substance produced by fusing fine silica sand with soda ash or potash at very high temperatures, usually with the addition of one or more other ingredients such as lime, cullet, lead or boric oxides, or alumina. Depending on the nature of the principal raw materials from which it is made, the glass used in making glassware is usually referred to as being one of the following three types:

- (a) Lead, or crystal glass, sometimes also referred to as flint glass. Apart from silica sand, lead - usually in combination with potash - is the principal component. The high lead content, usually from 25 to 35 per cent, accounts for the high degree of transparency and lustre characteristic of this type of glass; its relatively heavy weight and resonance are its other distinguishing features. Lead glass is the highest quality of glass used in making glassware; it is usually found only in high quality stemware, tableware, vases and other ornamental glassware.

The terms crystal and flint are sometimes used broadly with reference to the colour of the glass, rather than its composition. When used in that sense, they denote any type of glass which is transparent and as nearly colourless as possible.

- (b) Soda-lime or, simply, lime glass. In addition to silica sand, this glass contains a high proportion of lime combined with soda ash. Lime glass is generally not as clear and brilliant as crystal glass, is lighter in weight and is not quite so resonant. Its principal use is in the making of containers, such as bottles, but it is also used to make glass tableware, such as tumblers, plates, bowls or salt and pepper shakers, as well as the less expensive types of decorative ware.
- (c) Borosilicate glass. Apart from silica sand this glass contains a significant proportion of boric acid. The principal characteristic of this type of glass is its high resistance to heat; it is used chiefly in the manufacture of cooking or oven-ware and in chemical apparatus.

Modern glass manufacture is a continuous process, the finished articles being produced from the raw materials in several, but continuous, operations. As the first step in the making of glass,

the raw materials are weighed and mixed together in exact proportions. The resultant mixture, known as the batch, is then melted and fused into glass at temperatures which may range anywhere from 2,400° to 2,800°F, depending on the type of glass and the type of furnace used. Glass required in large quantities is usually melted in big rectangular tanks, known as tank furnaces, which may hold as much as 1,000 tons of molten glass at any one time. Types of glass for which the demand is relatively small, such as the various specialty glasses, are made in smaller furnaces holding as little as 100 pounds per charge. Gas and electricity are the fuels most frequently used in firing the glass-melting furnaces.

The origins of glass-making antedate the Christian era; the first glass vessels to which a date can be ascribed were made in Egypt about 1500 B.C. Until the turn of the present century, the making of glassware was an art requiring a high degree of skill and experience, the articles being either hand-blown or hand-pressed into shape by means of hollow molds. Today, most of the glassware originating on the North American continent is shaped on semi-automatic or fully-automatic machines; the remainder is hand-pressed or hand-blown. The machines used in making glassware are of the revolving type, with molds attached either to swinging arms or to a horizontal turn-table. The molten glass is vacuum-fed or gravity-fed into the molds and is either blown into shape by means of compressed air, or pressed into shape by means of a plunger. A pressing machine is normally equipped with at least 12 molds, with 6 more required as spares; a set of 18 molds usually costs between \$3,000 and \$5,000. When the blowing process is used, two sets of molds are required: one, consisting of blank molds, in which the molten glass is pre-shaped in the form of a blank, or parison, and the other consisting of body, or blow molds in which the article is blown into its final shape.

Machine-made tumblers may be either blown or pressed. The machine-blown tumblers are first made in the shape of a bottle; in the final stage of the manufacturing process the neck is sheared off, usually by means of a gas flame. The blowing process makes possible the manufacture of tumblers in a variety of shapes, including those that are bell-shaped or have one or more bulges. Machine-pressed tumblers, on the other hand, are limited in shape to those whose upper inside diameter is equal to or greater than the lower inside diameter; this particular shape is required to allow the withdrawal of the plunger when the pressing operation is completed. In addition, pressed tumblers usually have thicker walls than blown tumblers and are frequently fluted or ribbed on the outside. The fluting or ribbing is accomplished during the pressing operation by means of grooved molds. Both machine-blown and machine-pressed tumblers may be either of the shell, or light bottom type or of the sham, or heavy bottom type. The difference lies in the thickness of the glass on the bottom of the tumbler; it is of about the same thickness as the walls in the case of the shell type and noticeably thicker in the sham type.

By far the greatest portion of glassware other than tumblers is machine-pressed or hand-pressed; frequently, it is fluted or grooved, or may have designs pressed into it similar in appearance to those achieved by cutting. The process and the equipment used to make



machine-pressed glassware is similar to that used in making machine-pressed tumblers. However, the molds required for some of the more intricate shapes and larger sizes are more expensive than those used in making tumblers; also, the variety of shapes and sizes is greater.

### Decorating Processes

The most common methods now used in decorating glass tumblers and other glassware are cutting and the application of colours and precious metals. To a lesser extent etching and - its opposite - embossing may also be used, or the glassware can be sand-blasted. Finally, glassware may be mounted with gold or silver ornaments. The various methods of decorating glassware are described in greater detail below.

The cutting of decorative designs is, perhaps, the best known method of decorating glassware. The design is first traced on the article in chalk or water-resistant colour, although this can be omitted in the case of simple patterns. The actual cutting operation then begins and is usually done in two steps. First, the design is cut out roughly on a rotating iron wheel with a sharp triangular edge on which flows continuously a thin stream of water mixed with fine sand; the actual cutting is achieved through the abrasive action of the sand under pressure from the iron wheel. Second, the rough cutting is smoothed on a stone wheel. In more modern operations, the iron and stone wheels have been replaced by silicon carbide and alumina wheels, respectively. Following the cutting operation, the article may be polished by buffing or by immersion in an acid bath. The purpose of this operation is to restore a clear and transparent finish to the cut surfaces; cuttings so treated are then known as polished cuttings. The cuttings may also be left unpolished in which case they are known as gray cuttings. Higher quality glassware is usually cut by hand on the abrasive wheel, the quality of the cutting depending on the dexterity and artistic ability of the cutter. The cheaper, mass-produced articles bearing simple designs may be cut on automatic machines which expose the articles to the abrasive action of the cutting discs in a predetermined sequence.

The application of colour or of precious metals to glassware can be carried out in a number of ways. These include brushing by means of a brush held in hand, banding by means of a rotating wheel held in hand or attached to a machine, stamping and spraying, the transfer of designs from lithographic transfers and, finally, printing by means of the silk-screen process. Although all of these techniques are currently used to decorate glassware, the silk-screen process is by far the most common, particularly in decorating machine-made tumblers.

The use of the silk-screen process in decorating glassware is of recent origin. The technique was first used in the United States in the early 1930's; it made possible, for the first time, the mechanical application of colours and of precious metals to glassware at relatively low cost. Prior to that time decorating in colour was

usually done by hand, and was restricted to the higher-priced articles only. The relatively low cost of the silk-screen process made economical the application of colours and of precious metals to the cheaper, mass-produced articles as well.

The silk-screen process derives its designation from the fact that a silk screen is used to imprint the coloured design on the glass; in fact, nylon or wire mesh screens may also be used for the same purpose. As the first step, the screen is coated with a photo-sensitive emulsion. The intended design is photographed and the positive print is projected onto the screen by exposure to very strong light. The screen is then washed; this removes the emulsion from the exposed portions of the screen. After drying, the unexposed portions are lacquered, and the screen is mounted in a wooden or metal frame. The frame is then placed into position on a screening machine. During the screening operation the colour or the precious metal is brushed onto the screen by a rubber roller, known as the squeegee. The squeegee moves back and forth across the screen, forces the colour or the precious metal through the openings in the screen and deposits it, in the form of the design, onto the surface of the article. The articles are held onto the screen either by the operator or by a special feeding mechanism synchronized with the movement of the squeegee. In case of round articles, such as tumblers, provision is made for rotating them under the screen. In the case of multi-coloured designs, where the colours are not intertwined, a divider is placed on the screen to prevent mixing of colours, and the decoration is applied in one operation. Usually no more than three colours can be applied in this fashion. In cases where the colours are intertwined or superimposed or where many different colours are used, the design is broken down into its component colours and a screen is made for each; the colours are then applied in several screening operations.

The colours used in decorating glassware are of a special type, variously referred to as ceramic colours, ceramic enamels, ceramic frit or glass frit. They contain up to 80 per cent pure glass, finely ground and mixed with the appropriate pigment, and held in solution by certain volatile oils or other media. The precious metals, such as gold, silver or platinum, used in decorating glassware are the actual metals finely ground and held in solution - usually in a varnish base - in the form of a paste or liquid.

Following the decorating process, most of the glassware decorated with colours or with precious metals is subjected to further treatment designed to give the decorations greater permanency. This is particularly important in the case of glassware destined for everyday use, such as tumblers or other glass tableware. The treatment consists of heating the decorated articles to a temperature of about 1,100°F and then, gradually, cooling them again; it is carried out in a decorating leer. The leer is a long, tunnel-shaped furnace heated by oil, gas or electricity and traversed along its entire length by a slowly moving conveyor belt. As the articles during their passage through the leer reach the zone of maximum temperature, the powdered glass contained in the coloured glass frit melts and the coloured design is permanently fused into the surface



of the article, while the volatile carrying agents evaporate. The pastes or liquids used in applying precious metals do not contain fusible glass, but only the precious metal itself; as a result, the decorations in precious metals are not fused into the surface of the article, but rather baked onto it. Thus, whereas decorations in colour are usually permanent, those in precious metals are less so, wearing off with constant usage.

When transfers - also known as decalcomania - are used in decorating glassware, the coloured design is lithographed in ceramic colours on a sheet of transfer tissue paper. During the decorating process, the individual transfers are separated, placed into position on the articles, moistened and peeled off, leaving the coloured designs on the glass. The articles are then put through a decorating leer in the manner described above. Transfers are particularly suitable for the application of intricate, multi-coloured designs for which the silk-screen process is not suited.

Etching is the application of design on glass by means of the corrosive action of strong acids. The article is covered by a coat of wax into which the design is cut by an electrically activated needle. Conversely, the design may be imprinted on the article in ink from a metal plate; all areas outside of the design are then covered with wax. Once the design is in the wax, the article is submerged in an acid bath for the time required by the acid to corrode the design into the glass. The wax is then washed off in hot water and the article with the mat design in it is ready for shipment. Embossing is just the opposite of etching. The design is done in relief by exposing the area around it to acid. In sand-blasting a frosted design is etched into the glass by a stream of sand propelled by compressed air or steam.

The word mounting, when used in connection with glassware, appears to have a rather loose industrial usage. In its broad usage the term means any combination of glass with metal, whether the metal is in the form of a decoration, base, foot, handle or receptacle and whether the combination is intended to be permanent or temporary. Under this interpretation, mounted glassware would include, for example, a glass bowl decorated with a band of silver permanently cemented to it as well as a glass bowl placed in a silver stand from which it can be readily removed. In its more restricted meaning, which is the one adopted by the Department of National Revenue in administering tariff items 326m and 326n, the term mounting is taken to refer only to the operation of shaping a piece of metal, usually silver or gold, and attaching it permanently to an article of glass; thus, only the bowl with a band of silver permanently cemented onto it would be considered mounted. This type of operation has, traditionally, been carried on by silversmiths or goldsmiths.

#### Canadian Production of Glassware

At the present time, Dominion Glass Company Limited, of Montreal, is the only Canadian producer of glassware suitable for decorating. The only other manufacturer of glassware in Canada is Altaglass, of Medicine Hat, Alberta. The latter firm manufactures

and sells hand-made glassware such as bowls, vases, ash-trays and various ornamental pieces; its present output is relatively small and is not of a type suitable for further decoration.

Dominion Glass Company Limited was formed in 1913 by a merger of four then existing glass manufacturing companies. The company has plants at Montreal, P.Q., Hamilton and Wallaceburg, Ontario, and Redcliff, Alberta and is completing one at Burnaby, British Columbia. All of the glassware manufactured by the company is made at the Wallaceburg plant; the other plants make chiefly containers, such as bottles or flasks.

Glassware accounts for about 10 per cent of Dominion Glass Company's total sales; the remainder consists chiefly of containers. In recent years, the company's total sales of glassware fluctuated within a relatively narrow range, showing no persistent trend upward or downward. Machine-made tumblers account for by far the greatest portion of the glassware sold by Dominion Glass Company Limited; the remainder consists of other glass tableware such as plates, bowls, pitchers, ash-trays, vases and salt and pepper shakers. During the calendar year 1960, a little over 12 per cent of the company's total sales of machine-made tumblers and less than one per cent of other glassware were sold to other Canadian decorators to be cut or decorated by them; the remainder was either sold undecorated or had been decorated by Dominion Glass Company Limited at its Wallaceburg plant prior to shipment. The company's shipments of machine-made tumblers to decorators increased substantially over the past six years, both in value and in proportion to total shipments of machine-made tumblers. The company's sales to decorators, of glassware other than machine-made tumblers, fluctuate from year to year; they have always been small.

At present, all of the glassware made by Dominion Glass Company Limited is machine-made on automatic glass-forming machines and all of it is made of soda-lime glass. Lead, or crystal glass and heat-resistant glasses are not made in Canada at the present time. By far the greater portion of the tumblers made by Dominion Glass Company Limited is blown, while the remainder is pressed. On the other hand, most of the glassware other than tumblers is pressed, and a significant portion has patterns, such as ribs or flutes, pressed into it during the process of manufacture. Dominion Glass Company Limited does not make stemware at the present time, nor does anyone else in Canada.

With the exception of the silica sand, all raw materials used in making glassware are purchased in Canada. The silica sand is being imported from the United States free of duty.

In addition to being the sole Canadian producer of glassware suitable for decorating, Dominion Glass Company Limited is also the largest single decorator of it. During the years 1954 to 1960 inclusive, some 38 per cent, by value, of all glassware sold by the company was in decorated form; the corresponding percentage for tumblers alone was over 46 per cent. All of the decorating is done at the Wallaceburg plant and consists of the application of colours and

precious metals; the silk-screen process is the principal method used, although both banding and spraying are, at times, employed. Dominion Glass Company Limited does not cut glassware, nor does it usually decorate by methods other than the application of colours or precious metals.

During the year 1960, the Tableware and Specialty Division of Dominion Glass Company Limited employed at Wallaceburg 251 men and women; of these, 184 were engaged in making the glassware, while the remaining 67 were decorating it.

#### Canadian Decorators

There are more than a dozen firms in Canada which do not manufacture glassware, but only decorate that purchased from Dominion Glass Company Limited, or imported from abroad. Some of these decorate by cutting, others by means of colours or precious metals, and some do both. There are at least two firms which are understood to do a limited amount of mounting.

The Canadian decorators who made representations to the Board are:

1. Cutler Brands Limited, of Toronto, Ontario. This firm came into existence in 1934 under the name of The Bent Glass Specialty Company; at first, it was engaged chiefly in the cutting and bending of plain sheet glass. The firm first began decorating glass tableware in 1956. Machine-made tumblers have accounted for by far the greatest portion of the glassware decorated by Cutler Brands Limited; the remainder consists chiefly of stemware. The firm buys all of its stemware and some 85 per cent of the tumblers in the United States; the rest of the tumblers it buys from Dominion Glass Company Limited. The decorating process consists of the application of ceramic colours or of precious metals by the silk-screen process and, to a lesser extent, by brushing or banding. At present, there are from 25 to 30 employees directly engaged in decorating glassware; the value of their output accounts for more than one-third of the firm's total sales. Cutler Brands Limited does not cut glassware, nor does it engage in forms of decorating other than the application of ceramic colours or precious metals.
2. W.J. Hughes & Sons "Corn Flower" Limited, of Toronto, Ontario. This firm has been in the business of cutting glassware since 1914; both hand and machine-cutting is used. The firm does not do any other type of decorating. All of the glassware cut by this firm is made of soda-lime glass. One line, comprising some 244 items marketed under the trade mark "Corn Flower", accounts for most of the output. All of the items included in the "Corn Flower" line are currently being imported from the United States; a



large proportion of these are hand-pressed or hand-blown. At present, W.J. Hughes & Sons "Corn Flower" Limited employs approximately 80 persons.

3. The Kenneth M. Smith Co. Limited, of Toronto, Ontario. This firm was founded in 1919 and became incorporated in 1938. Prior to 1947, it was engaged almost exclusively in cutting glass and employed, on the average, about 30 experienced cutters. Beginning in 1956, the firm turned to decorating glassware in ceramic colours and in precious metals. By 1960, the value of the glassware decorated in ceramic colours or in precious metals far exceeded that of cut glassware; the number of cutters employed by the firm was reduced to 6, and there were approximately 30 employees engaged in the other form of decorating. The Kenneth M. Smith Co. Limited decorates machine-made tumblers as well as other glass tableware; practically all of the glassware decorated by the company is made of soda-lime glass. The firm purchases about 75 per cent of its tumbler blanks in Canada and imports the rest from Anchor Hocking Glass Corporation in the United States. Only a small portion of glassware other than tumblers is purchased in Canada, from Dominion Glass Company Limited. The firm uses most of the techniques of decorating in ceramic colours or in precious metals, including brushing, banding, stamping as well as the silk-screen and the decalcomania processes. Apart from decorating glassware, The Kenneth M. Smith Co. Limited also acts as the exclusive Canadian distributor for Anchor Hocking Glass Corporation, of Lancaster, Ohio and as one of the distributors for Dominion Glass Company Limited. At present, the company's total investment is about equally divided between the decorating and the distributing facilities.

In addition to the three firms listed above, the following Canadian firms are also understood to be engaged in decorating glassware by cutting or by the application of ceramic colours or precious metals; none of these firms made formal representations to the Board.

- Anglo Canadian Mercantile Co. Limited, Montreal, P.Q. - cut.
- Canadian Glass Specialties, Toronto, Ont. - decorate in colours and in precious metals.
- Canadian Tumbler Company, Toronto, Ont. - cut.
- Clapperton & Sons, Limited, Toronto, Ont. - cut.
- De Paoli Industries, Windsor, Ont. - decorate in precious metals.
- Leslie Cut Glass Co., Montreal, P.Q. - cut.
- Monogram Glass Co. of Canada Limited, Toronto, Ont. - cut and decorate in colours and in precious metals.
- Phillips Cut Glass Company, Limited, Montreal, P.Q. - cut.
- Pion, Georges, Montreal, P.Q. - cut.
- Sherriff, R.G., Toronto, Ont. - cut.
- Waldonia Ltd., Montreal, P.Q. - cut and decorate in colours and in precious metals.
- Winter & Company, Montreal, P.Q. - cut.

The Board is aware of only two firms which mount glassware by permanently affixing to it precious metals in the form of ornaments. The two firms are Henry Birks and Sons (Montreal) Limited, of Montreal and Lipman Brothers Ltd., of Toronto; both of these firms are in business essentially as silversmiths. The Board understands that mounting is becoming progressively less important.

There is, apparently, little or no etching or embossing being done in Canada at the present time.

### Canadian Markets

Machine-made tumblers and other glassware imported by Canadian decorators to be decorated by them compete for sales with the tumblers and other glassware made in Canada by Dominion Glass Company Limited. In turn, the Canadian decorators and Dominion Glass Company Limited compete among themselves for sales of glassware which they have decorated and, jointly, against decorated glassware imported from abroad. Consequently, the Canadian markets for decorated glassware, for machine-made tumblers for decorating, and for other glassware for decorating are all of relevance to this enquiry. The respective markets are discussed below under separate headings.

### Decorated Glassware

Most of the glassware decorated in Canada is soda-lime glass, although certain quantities of imported lead glass are decorated in Canada, chiefly by cutting. Glassware decorated by means other than cutting now accounts for by far the greater portion of total Canadian sales of decorated glassware; most of this consists of machine-made tumblers decorated with colours or precious metals. Most of the glassware which is cut, on the other hand, consists of tableware other than machine-made tumblers; a significant portion of this is stemware.

According to official statistics, shipments of glassware cut or otherwise decorated by the non-integrated Canadian decorators increased from some \$1.2 million annually during the years 1951-53 to about \$1.9 million in 1958-60. Shipments of glassware decorated by methods other than cutting - chiefly with colours or precious metals - accounted for all of the increase during this period. Shipments of cut glassware remained relatively stable. As a result, by 1959, glassware decorated by methods other than cutting had come to account for more than one-half of the total. The details are given in the following table.



SHIPMENTS OF GLASSWARE DECORATED  
BY CANADIAN DECORATORS(a)

<u>Year</u>	<u>Cut</u>	<u>Other</u> <sup>(b)</sup>	<u>TOTAL</u>
	T h o u s a n d s   o f   D o l l a r s		
1951	813	362	1,175
1952	889	190	1,079
1953	1,021	344	1,365
1954	1,048	283	1,331
1955	1,124	539	1,663
1956	901	662	1,563
1957	1,092	958	2,050
1958	985	822	1,807
1959	871	993	1,864
1960(c)	800	1,346	2,146

(a) Value of factory shipments of firms engaged chiefly in decorating glassware.

(b) Includes glassware decorated with ceramic colours or precious metals, etched, embossed, sand-blasted, etc.

(c) Preliminary.

Source: Dominion Bureau of Statistics.

These figures exclude the value of shipments of glassware decorated by Dominion Glass Company Limited since by far the more important activity of this company is the manufacture rather than the decoration of glassware. Dominion Glass Company Limited is, nevertheless, the largest Canadian decorator of glassware. In fact, Dominion Glass Company Limited introduced the silk-screen process into Canada in 1936 under licence from the patentee and for many years was the only Canadian producer of glassware decorated by this method. In recent years, other Canadian firms have begun to use the silk-screen process to decorate glassware which they purchase. All of the increase in sales of decorated glassware in recent years came from the increased sales of the non-integrated decorators; sales of glassware decorated by Dominion Glass Company Limited remained practically unchanged.

It is not possible to ascertain accurately the value of imported glassware which competes directly with the glassware decorated by Canadian decorators. Such imports, however, are included along with others in statistical class 7083 which is summarized in the following table; further details are given in Appendix B.

IMPORTS OF GLASSWARE(a)

<u>Year</u>	<u>United Kingdom</u>	<u>United States</u>	<u>Other</u>	<u>TOTAL</u>
	T h o u s a n d s   o f   D o l l a r s			
1951	321	1,113	551	1,985
1952	246	1,138	518	1,902
1953	302	1,466	725	2,493
1954	339	1,417	759	2,515
1955	389	1,763	986	3,138
1956	424	1,612	1,379	3,415
1957	363	1,770	1,705	3,838
1958	388	1,915	2,006	4,309
1959	396	1,937	2,309	4,642
1960	390	2,266	2,537	5,193

- (a) Includes imports under tariff items 326(2) and 326(4), statistical class 7083; this class excludes glassware to be cut or mounted and undecorated decanters and machine-made tumblers.

Source: Dominion Bureau of Statistics.

Such competition as there is appears to come mainly from the United States; imports from the United Kingdom and other countries consist chiefly of glassware made of lead, or crystal glass which does not compete directly with products made in Canada.

Within the total of the glassware imported from the United States may be four broad types of products: glassware other than tumblers to be decorated otherwise than by cutting or mounting, decorated glassware imported either by the Canadian decorators or others to make available in the Canadian market types of products which are not decorated in Canada, decorated glassware directly competitive with articles decorated by the Canadian companies and, finally, plain glassware to be sold as such. As indicated later in this subsection, imports for decorating of glassware other than machine-made tumblers are thought to be less than \$100,000 annually. The magnitudes and proportions of the other types cannot be ascertained. Statements made in the course of the public hearing suggest that the Canadian decorators are unable to assess the extent of import competition. A spokesman for Cutler Brands Limited, for example, stated:

"And we have competition from American sources, certainly, and while we buy the majority of our blanks from one source -- and this is the Federal Glass Company of Columbus -- they are competing in this market with us and they have sold glassware here, decorated glassware here in competition with us, and I am sure that all of the other American glass companies -- and that covers Libbey -- are very prominent in the Canadian market; possibly they are better known than anybody, as far as name is concerned."(1)

(1) Official Report of Proceedings at the Public Hearing on Reference 129 (henceforth cited as Official Report), volume 2, p. 296.

"... I feel that for our particular type of trade we likely experience more competition from American sources than we would from Canadian sources. Now, what proportion it is, I really don't know. I don't think anyone in this room would really know that."(1)

With respect to tumblers, a spokesman for The Kenneth M. Smith Co. Limited stated:

WITNESS: "I don't encounter much competition in the colour decorating tumbler field from foreign competition.

CHAIRMAN: "Your competition is essentially domestic?

WITNESS: "It is largely domestic. Occasionally there are some tumblers imported in a finished decorated state from the United States, but I would think in rather small quantity and for very specific customers, perhaps."(2)

Two spokesmen for Dominion Glass Company Limited dealt with competition from imported glassware in the following terms:

QUESTION: "Well, in the competition from imports do you feel it more in the undecorated ware or in the decorated ware, or is the competition right across the board in a fairly consistent way?

ANSWER: "First of all I will make this comment; it is not entirely relevant to the terms of this reference but I think I can explain the point. We have a great deal of competition in the container field; that is, glass containers, bottles, jars, from the United States and from the United Kingdom, but as to the competition from -- as to whether the competition is more intense in plain tumblers -- which under the terms of this reference, which we would now class as blanks -- or whether it is worse on the decorated blank, I can't quite say. Perhaps Mr. Ayers could comment on that.

MR. AYERS: "It would be my opinion that we would suffer more in competition from outside-of-the-country producers in the plain or undecorated line, and that we suffer more in the decorated line from the Canadian producers of decorated ware."(3)

#### Machine-made Tumblers for Decorating

Practically all of the machine-made tumblers decorated in Canada are made of soda-lime glass; most of these are decorated with colours or precious metals.

(1) Official Report, volume 2, p. 306.

(2) Ibid., p. 236.

(3) Ibid., volume 3, p. 423.

The machine-made tumblers decorated in Canada are either made by Dominion Glass Company Limited or are imported, chiefly from the United States. Since there is only one producer of machine-made tumblers in Canada, details respecting the total Canadian market cannot be published. It can be stated, however, that Dominion Glass Company Limited at present supplies most of the machine-made tumblers which are decorated in Canada, including those which the company decorates. Its sales of tumblers to Canadian decorators, which only six years ago were quite negligible, accounted in 1960 for almost 23 per cent of the company's total sales of undecorated tumblers. At the same time, Dominion Glass Company Limited continues to decorate a considerable portion of its output of machine-made tumblers; in 1960, about 46 per cent of all the tumblers sold by the company was in decorated form.

It is estimated by the Board that imports of machine-made tumblers for decorating were valued at \$201,000 in 1955 and at \$220,000 in 1960. It can be assumed that prior to 1956, the imported tumblers were for decorating by cutting or mounting and that there were virtually no tumblers imported for decorating with colours or precious metals. By 1960, imports of tumblers for decorating by cutting or mounting had declined to \$67,000, while those for decorating with colours or precious metals are estimated to have amounted to approximately \$150,000. In 1960, imports, in total, represented a substantial portion of the value of machine-made tumbler blanks used by the non-integrated decorators during that year, with the rest being supplied by Dominion Glass Company Limited. The entry of the non-integrated decorators into the field of decorating by the silk-screen process undoubtedly accounts for the increased sales of blanks by Dominion Glass Company Limited to these firms. The tumblers decorated by the non-integrated decorators compete, of course, with those decorated by Dominion Glass Company Limited itself.

Total imports of undecorated machine-made tumblers, according to the tariff items under which they were entered, are shown in the following table. The figures also include decanters not cut or otherwise decorated, but these are believed to account for only a small proportion of the total.

IMPORTS OF UNDECORATED MACHINE-MADE TUMBLERS  
AND DECANTERS, BY TARIFF ITEMS

<u>Year</u>	<u>Item 326n</u>	<u>Item 326(1)</u>	<u>TOTAL</u>
	T h o u s a n d s   o f   D o l l a r s		
1955	201	372	573
1956	112	420	532
1957	179	478	657
1958	193	501	694
1959	126	457	583
1960	67	473	540

Source: Calculated from duties collected on imports reported in statistical class 7079.



It is understood that up to the middle of 1959, the Department of National Revenue in certain cases allowed the entry under item 326n of machine-made tumblers imported to be decorated with colours or precious metals; such imports were quite substantial in some of the years, and the subsequent change in tariff classification accounts for much of the decrease in the value of imports under item 326n in 1960. On the basis of information available to it, the Board has estimated that most of the tumblers entered under tariff item 326(1) were destined to be used undecorated.

During the period 1955 to 1960 practically all of the imports of tumblers to be decorated originated in the United States.

#### Other Glassware for Decorating

Glass articles such as plates, bowls, pitchers, jars, salt and pepper shakers, ash-trays and vases as well as all types of stemware are included under this heading. Most of the blanks of glassware, other than machine-made tumblers, which are decorated in Canada are cut; the others are decorated chiefly with colours or precious metals.

Only a small portion of the Canadian market for blanks of glassware other than machine-made tumblers is supplied by Dominion Glass Company Limited; most of this portion is decorated by the company itself. Imports supply by far the greater portion of the blanks used by Canadian decorators other than Dominion Glass Company Limited.

The total value of glassware other than machine-made tumblers imported into Canada to be decorated is not easily ascertainable from published statistics. However, imports of such blanks in recent years are estimated to have been between \$400,000 and \$550,000, annually. Most of the importations have been for cutting or mounting and are recorded in the following table.

#### IMPORTS OF GLASSWARE TO BE CUT OR MOUNTED<sup>(a)</sup>

<u>Year</u>	<u>United States</u>	<u>Belgium</u>	<u>Other</u>	<u>TOTAL</u>
	T h o u s a n d s   o f   D o l l a r s			
1955	273	77	73	423
1956	226	111	49	386
1957	288	107	63	458
1958	305	118	76	499
1959	260	103	81	444
1960	225	97	92	414

- (a) Statistical class 7121: Includes imports of glassware other than machine-made tumblers under tariff items 326m and 326e; the latter item is not in this Reference but imports under it are probably small.

Source: Dominion Bureau of Statistics.



The United States and Belgium together supply about 80 per cent of the glassware imported to be cut or mounted. Practically all of those coming from the United States are made of soda-lime glass whereas those from Belgium and other countries are made chiefly of lead, or crystal glass. A significant portion of the glassware imported under tariff item 326m is stemware; this type of glassware is not made in Canada at the present time.

It is understood that prior to June, 1959, the Department of National Revenue in certain cases allowed the importation under tariff item 326m of glassware blanks for decoration with colours or precious metals. However, information available to the Board shows the value of glassware imported to be decorated with colours or precious metals and entered under tariff item 326m to have been quite small.

In addition to the imports shown in the preceding table, most of which were for cutting or mounting, there were imports of glassware other than machine-made tumblers to be decorated by other methods, chiefly with colours or precious metals. These are normally entered under tariff item 326(2). On the basis of information available to the Board it can be stated that imports under tariff item 326(2) of glassware for decoration with colours or precious metals have never exceeded \$100,000.

#### Proposals by Canadian Decorators

Cutler Brands Limited and The Kenneth M. Smith Co. Limited, both of Toronto, were the only Canadian decorators which made proposals to the Board. The two firms proposed that the wording of tariff items 326m and 326n be amended by inserting the word "decorated". The two firms proposed no changes in the rates of duty under the two items. The tariff items proposed by the two Canadian decorators are reproduced in full in Appendix C, together with the items which they are intended to replace.

The effect of the proposals would be to allow the importation under items 326m and 326n of articles of glass to be decorated by methods other than cutting or mounting; the most important of such methods is the decoration with ceramic colours or precious metals by means of a brush, roller or the silk-screen process. Blanks imported to be decorated with ceramic colours or precious metals are, at present, precluded from entry under items 326m or 326n although it is understood that, prior to June, 1959, the Department of National Revenue did allow such blanks to be so classified.

The following table shows the tariff items and the rates of duty at present applicable to blanks imported to be decorated with colours or precious metals, and the items and rates that would apply to such blanks if the proposals of the two Canadian decorators were to be adopted:

<u>Blanks of:</u>	<u>PRESENT CLASSIFICATION</u>			<u>PROPOSED CLASSIFICATION</u>		
	<u>Tariff</u>	<u>Rate of Duty</u>		<u>Tariff</u>	<u>Rate of Duty</u>	
	<u>Item</u>	<u>B.P.</u>	<u>M.F.N.</u>	<u>Item</u>	<u>B.P.</u>	<u>M.F.N.</u>
Machine-made tumblers	326(1)	15%	20%	326n	10%	10%
Other glassware	326(2)	10%	22½%	326m	Free	Free

As can be seen from the table, the effect of the proposals would be to reduce the rates of duty on blanks of machine-made tumblers and to remove them completely from blanks of other glassware. The proposals of the two Canadian decorators would not affect in any way the tariff status of the blanks currently entered under items 326m and 326n, namely those imported to be cut or mounted.

In support of their proposals, the two Canadian decorators stated that cutting and mounting have been largely superseded by other methods of decorating glassware, particularly by that consisting of the application of colours or precious metals. In addition, with respect to blanks of glassware other than machine-made tumblers the Canadian decorators claimed that:

"The fact is that the domestic manufacturer of glassware does not produce items of any consequence suitable for decorating either by cutting or colour decoration, other than tumblers..."<sup>(1)</sup>

#### Proposal by Dominion Glass Company Limited

The company proposed that the wording of tariff items 326m and 326n be amended to provide for the importation of undecorated and uncut blanks only, and that the coverage of the two items be specifically restricted to cutting and mounting. Furthermore, the company proposed that item 326m be sub-divided as follows:

	<u>B.P.</u>	<u>M.F.N.</u>	<u>Gen.</u>
(1) when of a class or kind not made in Canada	Free	Free	32½ p.c.
(2) when of a class or kind made in Canada	10 p.c.	10 p.c.	32½ p.c.

At present, all imports under tariff item 326m are entered free of duty under the British Preferential and the Most-Favoured-Nation Tariffs. Dominion Glass Company Limited proposed no change in the rates of duty in the other item, 326n.

The effect of the proposal made by Dominion Glass Company Limited would be specifically to restrict the coverage of the two items to the end-uses now specified therein, and to impose a duty on blanks of glassware other than machine-made tumblers which are of

<sup>(1)</sup> Official Report, volume 2, p. 222.

a class or kind made in Canada. In addition, the proposal would remove from the ambit of the two items glassware which had been partly cut and decorated prior to importation; such glassware is now allowed entry under items 326m or 326n, providing it meets all other requirements. The full wording of the items proposed by Dominion Glass Company Limited as well as of the existing items which they are intended to replace is given in Appendix C.

In support of its stand, Dominion Glass Company Limited stated as follows:

"... we vigorously oppose any extension of the benefits of tariff items 326m and 326n to include 'decorators' of glassware as well as cutters and mounters. Firstly, there is no historical justification whatsoever for such extension. Secondly, such an extension would be most discriminatory, putting the decorators who are not glass manufacturers in a highly favourable position as against the integrated glass manufacturer with whom they compete directly and actively in the sale of decorated glassware. ... Thirdly, it would deliver a heavy blow to the present operations and future potential of glassware manufacture in this country. ... Fourthly, such an extension would constitute a substantial, if indirect, erosion of the reasonable degree of protection which we now enjoy under tariff items 326 and 326a."(1)

With respect to its proposal to impose a duty on blanks of glassware other than machine-made tumblers of a class or kind made in Canada, Dominion Glass Company Limited stated:

"It is our submission, and it does not seem to be disputed by others who have filed representations herein, that the 10% rate of duty applicable under tariff item 326n is fair and reasonable, in view of the fact that the articles enumerated therein are made in Canada and are available to cutters and mounters from Canadian sources. ... On the other hand many of the articles enumerated in tariff item 326m are also made in Canada and available to cutters and mounters from Canadian sources, and it is our submission that in the interest of consistency and fairness, the same principle should be applied in respect of those articles."(2)

#### Other Proposals and Representations

Representations were received from Cristalleries du Val St. Lambert, S.A., of Val St. Lambert, Belgium, from W.J. Hughes & Sons "Corn Flower" Limited, of Toronto and from Canadian Importers and Traders Association Inc., also of Toronto.

Cristalleries du Val St. Lambert has been supplying Canadian cutters with blanks of lead, or crystal glass; such blanks are now entered free of duty under item 326m. The company urged

(1) Official Report, volume 3, pp. 330-1.

(2) Ibid., pp. 328-9.



that the duty-free entry of such blanks be continued, preferably under a separate tariff item. In support of its request the firm stated that "there is in Canada no domestic production of such full lead crystal" and that "the importation of such blanks cannot be the cause of any possible concern or injury to any Canadian industry".<sup>(1)</sup>

W.J. Hughes & Sons "Corn Flower" Limited requested in its submission that tariff items 326m and 326n be retained in their present form. Thus, the firm in effect opposed the proposal of the two Canadian decorators to allow under items 326m and 326n blanks to be decorated with methods other than cutting or mounting, as well as the proposal by Dominion Glass Company Limited to subdivide item 326m. In support of its position, W.J. Hughes & Sons "Corn Flower" Limited stated that the cost of cutting was much higher than the cost of other types of decorations. Consequently, the firm feared that if glassware imported to be decorated by methods other than cutting were to be accorded the same tariff treatment as that imported to be cut, its business would be very seriously threatened, unless it is required that the value of the imported article be enhanced by decoration by at least 25 per cent.<sup>(2)</sup>

With respect to the proposed sub-division of item 326m, the firm claimed that the "class or kind" terminology was not specific enough and that, in any event, Dominion Glass Company Limited did not make any type of glass tableware that would be acceptable for use in the "Corn Flower" line.<sup>(3)</sup>

Canadian Importers and Traders Association Inc. proposed that tariff items 326m and 326n be continued unchanged.

#### Evidence and Other Considerations

It will be noted from the various proposals and representations summarized above that the principal issue before the Board is whether the scope of tariff items 326m and 326n should be enlarged to permit the importation under these items of machine-made tumblers and other glassware to be decorated with colours and precious metals. This issue arises principally out of a divergence of interest between Dominion Glass Company Limited as a producer of glassware blanks for decorating and two of the non-integrated Canadian decorators of glassware who decorate with colours and precious metals. The issue involves the following considerations: (a) the extent to which decorating with colours and precious metals is comparable or competitive with decorating by cutting and mounting, (b) the extent to which Canadian-made blanks can replace imported blanks in the operations of the non-integrated Canadian decorators, (c) the competitive position of Canadian decorators in relation to the integrated glassware manufacturers in Canada and in the United States, and (d) the competitive position of the Canadian manufacturer of glassware.

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(1) Official Report, volume 3, p. 454.

(2) Ibid., p. 481.

(3) Ibid., p. 473.

In addition to these considerations, three other representations must be taken into account. First, there is the proposal by Dominion Glass Company Limited that its position as a manufacturer of glassware other than tumblers might be safeguarded by distinguishing in the Customs Tariff between glassware of a class or kind made in Canada and that not made in Canada. Second, is the opposition of W.J. Hughes & Sons "Corn Flower" Limited, as cutters of glassware, to the extension of the scope of items 326m and 326n to include articles of glassware to be decorated by methods other than cutting or mounting unless provision is made for a minimum Canadian content. Third, is the request of Cristalleries du Val St. Lambert, S.A. that duty-free entry of lead, or crystal blanks of the type now entered under item 326n be continued, preferably under a separate tariff item.

The various considerations are discussed below under separate headings.

### Comparability of the Methods of Decorating

In support of its request for broadening the scope of items 326m and 326n to allow the importation thereunder of blanks to be decorated with ceramic colours or precious metals, The Kenneth M. Smith Co. Limited stated:

"Our contention has always been, and surely cannot be denied, that cutting and decorating are both alike as a means of decoration, upon an article which lends itself to such enhancement for increased sale and/or useful purpose. It is discriminatory to differentiate between decoration by cutting and decoration by colour."<sup>(1)</sup>

The contention that decorating with colours or precious metals was but one of the various methods of decorating glassware and that it ought to be treated accordingly, was also expressed in the submission of Cutler Brands Limited:

"The decorating of glassware and tumblers by the method outlined above [the silk-screen process] would appear, to a large extent, to have replaced the older processes described in these tariff items and we are simply suggesting that due cognizance be taken of this change, and that the decorating be accorded similar treatment by way of tariff concessions as mounting and cutting receives."<sup>(2)</sup>

Dominion Glass Company Limited denied that decorating with colours or precious metals was comparable with cutting or mounting; the company took the view that there was no justification for identical treatment under the Customs Tariff. The company based its opposition on the grounds that:

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<sup>(1)</sup> Official Report, volume 2, p. 219.

<sup>(2)</sup> Ibid., p. 287.



"The cutting of glass is an ancient craft or art, traditionally carried on by skilled craftsmen who were in a sense separate and distinct from the primary manufacture of the articles of glass. ... Decorating on the other hand is a modern machine-age process, which has never been a craft, was developed and expanded commercially directly by the glass manufacturers themselves, and is an integral and vital part of the business of every sizeable glass manufacturer, at least on this continent. Those decorators who are not glass manufacturers, therefore, are in direct and vigorous competition with the glass manufacturers themselves in a sense in which the cutting trade is not."(1)

There is no doubt that, historically, cutting and mounting are much older techniques of decorating glassware than the application of ceramic colours or precious metals; the former has been practised for many centuries, the latter for only a few decades. However, it would appear that the development of the technique of decorating with colours and precious metals was a logical extension of the art of decorating glassware. Although decorating with colours or precious metals, quite obviously, does not require as much skill as does high quality cutting, some of it - especially that done by hand using a brush - requires at least as much skill and dexterity as most of the simpler cutting done in Canada. It is understood that identical blanks may be used to be either cut or decorated with colours or precious metals; at least one Canadian company does use the same type of blank to decorate with colours and to cut. From what precedes, it would appear that the line of distinction between cutting, on the one hand, and decorating with colours and precious metals, on the other, is not as precise as has been suggested.

With respect to mounting, the Board received no evidence other than that it was not, normally, performed by glass manufacturers or decorators, but rather by silversmiths. The Board's own investigation supported the evidence. There would thus appear to be a closer relationship between cutting and decorating with ceramic colours or precious metals - in so far as both may be performed by the same firm - than between cutting and mounting.

#### Canadian and Imported Blanks

In support of their proposals that blanks for decorating with colours and precious metals should be admissible under tariff items 326m and 326n the two non-integrated decorators stated that Dominion Glass Company Limited did not supply a full range of glassware in terms of variety and quality. This statement was supported by W.J. Hughes & Sons "Corn Flower" Limited. The variety and quality of Canadian and imported blanks is discussed below under separate headings.

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(1) Official Report, volume 3, p. 327.

Variety - Respecting the variety of types and sizes of glassware made in Canada, the representative of The Kenneth M. Smith Co. Limited testified as follows:

"The fact is that the domestic manufacturer of glassware does not produce items of any consequence suitable for decorating either by cutting or colour decoration, other than tumblers. ... Furthermore, it can be readily ascertained that it is not economically sound for the domestic manufacturer of glass to venture very deeply into the tableware field. This is because of the high cost of mold equipment, to be spread over the small Canadian market, requirements or demand."(1)

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"I should say that the tumblers in shapes and sizes provided by the Dominion Glass Company Limited covered all the basic needs."(2)

The contention that Dominion Glass Company Limited does not supply many articles other than machine-made tumblers which are suitable for decorating was supported by the spokesman for W.J. Hughes & Sons "Corn Flower" Limited. He said:

"The Dominion Glass Company does not make any type of glass tableware that would be acceptable for use in our 'Corn Flower' line. Many of their products do not lend themselves to cutting as can be seen from copies of some of their catalogue pages. ...

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"We require a relatively smooth surface on which to cut, without impressions or ribs."(3)

A representative of Dominion Glass Company Limited gave the following testimony respecting the variety of glassware produced by his company:

"Well, so far as our own knowledge of the shapes we manufacture ourselves, at the moment we have offered to the market approximately 55 different shapes and sizes of paste mold tumblers, as against the recognized largest producer of paste mold tumblers in the United States -- and perhaps the world -- the Libbey Glass Company who, on a count taken in one of their recent catalogues, has between 85 and 90 shapes and sizes suitable for decorating -- that can be decorated or cut; and on a count taken from the Federal Glass Company's catalogue it would appear to be in the neighbourhood of 60 to 65 different sizes and shapes; and I would judge that the Anchor-Hocking people are fairly close to that same quantity as the Federal people."(4)

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(1) Official Report, volume 2, p. 222.

(2) Ibid., p. 231.

(3) Ibid., volume 3, pp. 473-4.

(4) Ibid., p. 384.

The same spokesman testified under cross-examination as follows:

QUESTION: "What sort of range of glass tableware other than tumblers does the Dominion Glass Company produce which is suitable, or desired, for decoration?"

ANSWER: "Well, not too much, but we do have some products which are purchased from us for that purpose -- plates and sherbets and pitchers; I don't know if you would class an ash-tray as tableware, but we have ash-trays -- a few other items. We do not have a complete range compared to the producers in the United States.

QUESTION: "Are there many items other than plates, pitchers, bowls and the like -- other than tumblers -- which are, in fact, decorated?"

ANSWER: "I would suggest, as Mr. Smith of The Kenneth M. Smith Co. Limited stated yesterday, that there are items such as large bowls for the chip-and-dip business and other large fruit bowls and open vases that would be adaptable to decorating; whereas the products we produce have their own designs in the glass itself."<sup>(1)</sup>

The Board obtained current catalogues of some of the larger manufacturers of glassware in the United States as well as of Dominion Glass Company Limited. A comparison of the items listed in the catalogues showed that Dominion Glass Company Limited manufactured all of the common types of machine-made tumblers and that, within each type, the range of sizes made by Dominion Glass Company Limited compared favourably with that offered by manufacturers in the United States in comparable lines. This is not to say that Dominion Glass Company Limited duplicates each of the sizes made in the United States; nor does it offer many of the special shapes and sizes manufactured in that country.

The current catalogue of Dominion Glass Company Limited lists in all some 60 items of glassware other than machine-made tumblers. Of these, 17 were singled out by a representative of the company as being suitable for decorating either by cutting or with colours and precious metals; included among these were 4 mixing bowls of the type used chiefly in the kitchen, and 4 ash-trays. The "Corn Flower" line of glassware cut by W.J. Hughes & Sons "Corn Flower" Limited consists at present of 230 items other than tumblers; a great majority of these are of the type not manufactured by Dominion Glass Company Limited.

Quality - A substantial proportion of the imports of blanks other than machine-made tumblers is undoubtedly accounted for by the limited variety available to Canadian decorators from the Canadian producer of glassware. With respect to machine-made tumblers, Dominion Glass

<sup>(1)</sup> Official Report, volume 3, pp. 386-7.



Company Limited supplies a sufficient variety of shapes and sizes to cover basic needs; there was considerable discussion at the hearing, however, respecting the degree to which quality considerations provided the incentive to import machine-made tumblers for decorating.

On the basis of the limited amount of information available, the Board found it extremely difficult to determine whether any intrinsic differences in quality existed between the machine-made tumblers offered to the decorators by the Canadian producer and those imported by them. The Board has, however, obtained in confidence information respecting the landed costs of plain machine-made tumblers made by Dominion Glass Company Limited and of those of comparable types and sizes imported from the United States. From this it appears that the landed cost at Toronto, Ontario, of tumblers currently being imported from the United States to be decorated is, on the average, 35 per cent above that of comparable tumblers made by Dominion Glass Company Limited. Within this range of comparable tumblers, however, there are certain shapes and sizes which are not made in Canada; the Board has knowledge that at least one Canadian decorator imports shapes and sizes not available from the Canadian producer, and that, in some instances, he uses them to complete an assortment which he offers in sets.

In addition, two of the Canadian decorators indicated that they considered the tumblers which they import from a manufacturer in the United States to be of a higher quality than those offered to them by the Canadian producer. Thus, the submission on behalf of Cutler Brands Limited contained the following:

"The reason why Canadian-made tumblers and other glassware items are not used exclusively is simply one of quality and design. In order to produce a high quality finished product it is essential that the glass itself be of the highest quality - free of bubbles, distortion, rings and other imperfections. It must also be of good colour. Domestic glassware is cheaper than the imported product, but the quality leaves much to be desired and for this reason is used ... only where price takes precedence over quality."(1)

A spokesman for W.J. Hughes & Sons "Corn Flower" Limited testified as follows:

"We have asked many of our customers if they would accept 'Dominion' made tumblers, cut by us, at a lower price than our present tumblers, and in all instances the suggestion was rejected for our imported 'better quality line' Corn Flower."(2)

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"Their glass is not of sufficient quality for their items to be accepted by our customers, who are mainly jewellers, gift stores and department stores."(3)

(1) Official Report, volume 2, p. 273.

(2) Ibid., volume 3, p. 471.

(3) Ibid., p. 474.

The spokesman for W.J. Hughes & Sons "Corn Flower" Limited filed with the Board exhibits to illustrate the various deficiencies found in the tumblers made by Dominion Glass Company Limited. He indicated that small imperfections could also be found in the glassware manufactured in the United States; he asserted, however, that in the latter the occurrence of such imperfections was less frequent than in the Canadian-made blanks.

A spokesman for Dominion Glass Company Limited commented on the above testimony as follows:

"Well, I would have to leave it to the judgment of the Board to make up their own mind, on close examination of the samples on this table, whether our glass contains more, or more pronounced, defects or distortions than our competitors' products, as you see them on the table. Where they refer to bubbles and rings and other imperfections, I am sure that you will find similar imperfections in our competitors' products as you will find in our own."(1)

Another spokesman for the same Company stated:

"We simply take the position that the domestic product is as good a product, product for product, in related or similar lines, as the imported."(2)

On the basis of the samples submitted, the Board was unable to arrive at any definite conclusions respecting the comparative frequency in domestic and imported glassware of the imperfections referred to in the quotations above.

Two differences between the tumblers made by Dominion Glass Company Limited and comparable tumblers made by a manufacturer in the United States were readily apparent. There was some difference in colour, and the tumblers made by Dominion Glass Company Limited had a pronounced bead on the rim, whereas the tumblers from the particular manufacturer in the United States were without a bead.

With respect to colours, the samples of glassware made by Dominion Glass Company Limited appeared to have a greenish tint, whereas the samples of glassware imported from the United States tended to be more crystal-like. The greenish tint is most noticeable in tumblers, particularly in heavy bottom ones, while it is least observable in flat glassware, such as plates or ash-trays. The existence of a greenish tint in the glassware made by Dominion Glass Company Limited was confirmed by a spokesman for the company who testified:

"Some producers prefer to make their glass with the greenish tinge, others the bluish tinge.

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(1) Official Report, volume 3, p. 374.

(2) Ibid., p. 375.



"It is almost impossible, so I understand, to make a truly neutral-coloured, colourless glass. There are certain impurities that enter into any glass that tend to give it a tint. We, in our judgment, chose to make our glass slightly on the greenish side, as do other producers; some tend to produce theirs on the bluish side. It is a matter of opinion."(1)

The blown tumblers, whether heavy or light bottom, made by Dominion Glass Company Limited and examined by the Board had a bead on the rim. Of the three large glassware manufacturers in the United States whose products were examined by the Board, two make blown tumblers with a bead on the rim; the third offers blown tumblers which have no bead. The fact that Canadian-made tumblers differ in this respect from some of those made in the United States was confirmed and commented upon by a representative of Dominion Glass Company Limited:

"... that is a Federal tumbler, but it has no bead on it. The tumblers that we make have a bead on them. Libbey's tumblers have beads on them and Anchor tumblers have beads on them. Federal tumblers have beads on them, but Federal do make some lines without a bead. Now, many years ago Dominion Glass Company used to make tumblers without a bead, but we discarded that for what we considered was a better method of manufacture which produced a tumbler with a bead. In other words, the Libbey Glass Company, who are the largest manufacturers of tumblers, make their tumblers with a bead, and so do we. Now, from the point of view, perhaps, of a cutter, he may feel that a tumbler without a bead looks or carries the impression of a nicer looking tumbler; that is a matter of opinion and taste."(2)

The Board found it extremely difficult to determine whether or not the two more pronounced characteristics of Canadian-made tumblers, namely the colour and the presence of a bead, do, in fact, influence the decision of the final purchaser and, if so, in what direction. This is so, because:

- (a) machine-made tumblers are a relatively inexpensive, standard article of every-day use; in the purchase of such articles, quality is normally not as important a consideration as it is in the purchase of higher-priced articles, where differences in price and quality are usually found;
- (b) the differences between domestic and imported tumblers can only be ascertained upon fairly close examination; the prospective purchaser may not always have the opportunity or the inclination to undertake such an examination;
- (c) where a tumbler is destined for extensive decoration, particularly with colours or precious metals, it may become extremely difficult to ascertain the colour of the glass or to observe the bubbles, rings or other distortions contained in it;

(1) Official Report, volume 3, pp. 373-4.

(2) Ibid., p. 436.

- (d) the characteristics of Canadian-made glassware may be considered imperfections by some and advantages by others.

Although the effect of any differences in quality may be slight as far as occasional buyers of relatively small quantities of tumblers are concerned, they likely are of greater importance to the more regular buyers of the higher-priced, brand-name lines, such as "Corn Flower". In the latter case, uniformity of the product, if no other consideration, is certainly of considerable importance. The firm cutting or otherwise decorating a line of products which it markets under a brand-name is, consequently, unlikely to change its source of supply of blanks frequently.

### Competitive Position of Canadian Decorators

The proposal to have the scope of items 326m and 326n extended to cover glassware to be decorated with colours and precious metals was designed to place the decorators in a better position. The emphasis at the public hearing centered primarily upon the disadvantages of the non-integrated producers compared with integrated producers whether in Canada or abroad. No particular emphasis was placed upon the disadvantages with respect only to the foreign producers; there was, in fact, very little evidence that imports of decorated articles constituted a serious problem for the decorators.

The spokesman for The Kenneth M. Smith Co. Limited described the present competitive position of Canadian decorators as follows:

"The Canadian decorator is competing against a single domestic and several foreign manufacturers of glassware who decorate items of their own production. This allows the manufacturers to start decorating an item at cost. The Canadian decorator is required to start work with an item to which a profit has already been added. We are, therefore, at a distinct disadvantage immediately. The domestic manufacturer is also, at present, protected by a tariff of 20% on tumblers and 22½% on tableware. ....

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"The Canadian decorator of cut and colour decorated glassware is subject to much higher production costs than either the foreign or domestic manufacturer. Fuel costs are much higher to the Canadian decorator on the volume basis alone. Handling costs are greater because the basic manufacturer can operate from glass producing machine direct to decorating. Freight costs are also a factor the basic manufacturer does not have to contend with. The volume of any given run of an item is also an increased cost faced by the small decorator."(1)

Thus, the spokesman for the company indicated that the non-integrated decorator in Canada experienced cost disadvantages arising

(1) Official Report, volume 2, pp. 221-3.

from: (a) the price which he pays for the blanks to be decorated, (b) higher decorating and other costs, in particular fuel, handling, transportation and the effect of short runs.

Information available to the Board shows that the cost of the blanks may represent anywhere from 25 to 75 per cent of the total factory cost of glassware decorated with colours or precious metals. The wide spread in the proportions represented by the cost of the blanks is attributable partly to differences in the type of glassware, but more particularly to differences in the type of decoration. For example, in the case of an identical tumbler decorated with colours in the one case, and with gold in the other case, the blank accounts for 73 per cent and 58 per cent of the total factory cost, respectively.

The exact effect on the overall competitive position of the Canadian decorator cannot be determined owing to the differences noted above. However, in so far as the price which the non-integrated decorator pays for blanks includes an element of profit, there is but little doubt that he is at a disadvantage in comparison with the integrated glassware manufacturer who decorates his own blanks. This is, perhaps, the most significant disadvantage affecting the competitive position of the non-integrated decorator. For example, if Dominion Glass Company Limited were to pay for its machine-made tumbler blanks or assess their cost at the same price as that at which it sells such blanks to Canadian decorators, its decorating operations would be unprofitable without either an increase in the price of the decorated ware or some other change.

With respect to decorating costs, the Canadian firms which only decorate are at a disadvantage in comparison with the one glassware manufacturer in Canada in so far as the cost of fuel is concerned. This is so not only because of their location, but also because their consumption of fuel is, on the whole, very much smaller than that of the integrated glassware manufacturer. The cost of fuel, however, does not appear to be a very significant element of the cost of decorating.

As far as handling costs are concerned, evidence before the Board indicates that - at least in the case of the one Canadian manufacturer of glassware - blanks are not channelled directly from the glass-forming machines to decorating. It is understood that in normal practice the finished glassware is placed in unsealed cartons and is stored in a warehouse; when required for decoration, the glassware is brought from the warehouse to the decorating department and is unpacked. This is apparently so because it is impracticable to schedule the production of glassware to meet the requirements of the decorating department at any one time. It would thus appear that the firms who only decorate do not normally suffer any substantial disadvantage on account of increased handling costs.

Transportation costs were cited as another factor in respect of which the Canadian decorator is at a disadvantage when competing with the integrated glass manufacturer. The decorator encounters the



shipping costs on two occasions: once when bringing the blank to be decorated and again when shipping the decorated ware to his customer; the integrated glass manufacturer ships directly to the customer.

Information which the Board obtained from the Board of Transport Commissioners for Canada shows that as far as freight rates alone are concerned, the decorators located in Toronto are at no particular disadvantage in relation to Dominion Glass Company Limited. The freight rate payable by the decorator in Toronto for blanks brought from Wallaceburg is the same as the freight rate payable by Dominion Glass Company Limited to bring decorated glassware from Wallaceburg to Toronto. With respect to a consuming area outside of Toronto, such as Montreal, the rates from Wallaceburg to Toronto and from Toronto to Montreal taken together amount, in fact, to slightly less than the rate on glassware shipped directly from Wallaceburg to Montreal.

The only disadvantages which decorators in Toronto may face in relation to the integrated glassware manufacturer in respect of transportation costs are the additional handling charges in Toronto, and the fact that they may not always be able to meet the minimum car-load requirements and, consequently, may have to pay a higher rate on their shipments of the incoming blanks or of the outgoing decorated ware.

With respect to the integrated glassware manufacturers abroad, both the decorators and the integrated manufacturer in Canada derive a measure of protection from the fact that their competitors abroad are not as favourably situated in relation to the Canadian market as they themselves are.

No evidence was adduced to show that the non-integrated producer in Canada experienced any shorter length of run for the same class of trade than the integrated producer. Owing to the small size of the domestic market, the average length of a run might reasonably be expected to be shorter in Canada than in the United States; this would tend to affect the decorators and the integrated manufacturer equally. On the other hand, there are in the United States many more firms competing for the larger market; a witness appearing before the Board estimated that there were 7 or 8 integrated manufacturers and about 150 non-integrated firms engaged in decorating glassware in the United States. For certain stock items, it appears obvious that the integrated manufacturers in the United States can benefit from much larger production runs. On the other hand, for custom orders or other specialized decorating requirements, the differences in the lengths of run would not be as great.

Some of the benefits derived from long runs were described by a spokesman for The Kenneth M. Smith Co. Limited:

"... We are at a terrible disadvantage to the American production ... I am thinking now of one company who ran nine lehrs continuously in their tumbler -- in the decorated tumbler production, and some of these lehrs are set so that

they receive and fire up to ninety tumblers in a minute, and it is a continuous thing. They don't take orders for less than two or three thousand dozen of these things, and they are able to unify these items as they come down the line. They have automatic devices for gathering them, and you will not find anything like that in a little two by four decorating shop like the one I run, and therefore the lehrs have all to be loaded and unloaded by hand, and there is a greater labour content in the handling of glassware than you would find in a large American factory."<sup>(1)</sup>

Speaking only of the cost of decorating and confining his remarks to the particular type of business performed by his own company, the same spokesman replied to questions as follows:

QUESTION: "And I think you did say that in your opinion it was possible to decorate glassware just as economically in Canada as it can be done in the United States, is that correct?

ANSWER: "Pretty much so. I said that this morning, yes, and I agree with that. I followed that by saying that when I originally started what I attempted to do was save the Canadian purchaser the duty on the decorated portion, which could be done here.

QUESTION: "And then you also said, as far as your sales of decorated glassware were concerned, that your competition is largely domestic; you didn't meet a great deal of competition from ---

ANSWER: "Not from the United States."<sup>(2)</sup>

At the public hearing, information was given respecting the various components of the wholesale price of certain types of glassware decorated in Canada on blanks imported from the United States. This information is summarized in the following table.

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(1) Official Report, volume 2, p. 238.

(2) Ibid., pp. 266-7.



COMPONENTS OF THE WHOLESALE PRICES OF SELECTED TYPES  
OF GLASSWARE DECORATED IN CANADA ON IMPORTED BLANKS<sup>(a)</sup>

<u>Element of Cost</u>	<u>Tumblers</u>		<u>Other</u>	
	<u>Light</u>	<u>Heavy</u>	<u>Stem-</u>	<u>Ice</u>
	<u>Bottom</u>	<u>Bottom</u>	<u>ware</u>	<u>Tubs</u>
	<u>D o l l a r s     p e r     D o z e n</u>			
Blank f.o.b. manufacturer	.50	.86	2.05	2.16
Duty	.10	.17	.46	.49
Freight	.04	.07	.07	.22
Blank landed in Toronto	.64	1.10	2.58	2.87
Decorating costs <sup>(b)</sup>	.22	.70	.71	2.31
Price before sales tax	.86	1.80	3.29	5.18
Sales tax	.09	.20	.36	.57
PRICE AT WHOLESALE <sup>(c)</sup>	.95	2.00	3.65	5.75

(a) The prices refer to a decoration with gold and one colour on a blank imported from the United States.

(b) Includes material, labour, overhead and profit or loss.

(c) F.o.b. Toronto, Ontario.

Source: Official Report, volume 2, pp. 284-5.

Confidential information available to the Board showed that the wholesale price at Toronto of four representative types of tumblers decorated in Canada on imported blanks was in all cases less than 7 per cent above that of the imported decorated article; in two instances the prices of the Canadian decorated tumblers were, in fact, below those of the imported articles. Owing to the differences in the type of glassware other than tumblers, and in the types of decorations applied, the Board was unable to make a meaningful comparison of wholesale prices of this type of glassware.

It will be apparent from the preceding table that if the proposals of the Canadian decorators were to be adopted and if the effects of these proposals were fully reflected in the wholesale prices of the decorated articles, the result would be as follows:

<u>Article</u>	<u>Rate of Duty on Blank</u>		<u>WHOLESALE PRICES</u>		
	<u>Present</u>	<u>Proposed</u>	<u>At</u>	<u>Under</u>	<u>Difference</u>
			<u>Present</u>	<u>Proposal</u>	
			\$	\$	\$
<b>Tumblers:</b>					
Light Bottom	20 p.c.	10 p.c.	.95	.90	-0.05
Heavy Bottom	20 p.c.	10 p.c.	2.00	1.91	-0.09
<b>Other:</b>					
Stemware	22½ p.c.	Free	3.65	3.14	-0.51
Ice Tubs	22½ p.c.	Free	5.75	5.21	-0.54

Source: Calculated from data contained in the preceding table.

For three of the four articles included in the table, price reductions of the order shown would bring the prices of the Canadian decorated products below those of the imported articles.

Apart from competing with decorated glassware imported from abroad, the non-integrated decorators also compete with glassware decorated by the one integrated Canadian manufacturer, Dominion Glass Company Limited. With respect to tumblers, of some 50 patterns currently offered by Dominion Glass Company Limited only about 10 are offered on heavy bottom tumblers and the rest on light bottom tumblers. In contrast, a large proportion of the stock decorations shown in the catalogues of the two non-integrated decorators are offered on the heavy bottom tumblers. Although the prices of the tumblers offered by Dominion Glass Company Limited were, in general, lower than those of the tumblers decorated by the other companies, other factors, one of which is the variety of products required by the market, have enabled the non-integrated decorators to increase their share of the total Canadian market for decorated ware over the past ten years.

#### Competitive Position of the Canadian Manufacturer of Glassware

The proposals of the decorators would have the effect of reducing the protection now accorded Dominion Glass Company Limited on its sales of blanks for decorating with colours or precious metals. Since at least one large decorator of Dominion Glass Company's tumblers also acts as a distributor for the company, it might be difficult for Dominion Glass Company to confine any price changes to glassware for decorating only. Consequently, the competitive position of Dominion Glass Company Limited as a producer of plain glassware is an important consideration when assessing the proposals.

As noted previously in this subsection, the landed price at Toronto of plain machine-made tumblers imported from the United States is, on the average, 35 per cent above that of comparable tumblers made by Dominion Glass Company Limited. Information available to the Board shows that even if the duty on machine-made tumblers imported for decoration from the United States were to be reduced from the present 20 p.c. to 10 p.c. ad valorem, the landed cost of the imported tumblers would still be, on the average, about 25 per cent higher.

Dominion Glass Company Limited does not make many articles suitable for decorating, other than machine-made tumblers. Moreover, the imports are mostly of the type not made by Dominion Glass Company Limited. Consequently, the company's position with respect to glassware other than machine-made tumblers is difficult to determine. In the two instances where a direct comparison was possible, namely that of a square  $4\frac{1}{2}$ " ash-tray and a  $6\frac{1}{4}$ " plate, the landed cost of the article imported to be decorated was below that of the domestic product in the case of the ash-tray and above that of the domestic product in the case of the plate. Where the price of the imported article was found to be above that of the domestic product, the removal of the  $22\frac{1}{2}$  p.c. duty proposed by the Canadian decorators would make the price of the imported and domestic product almost equal.

Dominion Glass Company Limited described the various factors affecting its competitive position as follows:

"As the Board will be aware, fashion or style plays a large role in the demand for glass tableware. Literally hundreds of items have to be produced in order to provide anything like a complete range of wares for the market. Each item requires a substantial capital investment in molds, and in the case of decorated ware, in designs and screens as well. The recovery of these initial capital costs must be spread over the quantity of the item produced. The volume of production of each item is therefore a vital factor in determining whether or not it is profitable to manufacture it. The principal competition faced by Dominion Glass Company Limited is from the wares of United States glass manufacturers who enjoy a domestic market ten times larger in population and fifteen times larger in income than that in Canada. Despite this enormous domestic market, there are only five or six manufacturers in the United States which attempt to produce a more or less complete range of machine-made glass tableware."(1)

The difficulties faced by Dominion Glass Company Limited in competing with imports from the United States were further elaborated upon during cross-examination of the company's representative by the Board:

QUESTION: "... Your need for tariff protection because of your operation, I gather, is based almost entirely on the size of the market and the extent of short runs in Canada. Is this a fair statement or are there other circumstances?

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ANSWER: "No. I think that your remark, sir, is pretty much to the point on account of the relatively small population in comparison with the population of our competitive countries. We do suffer very greatly from short runs, and we suffer also from the fact that we have to try and supply the market with as large a variety as we can, or we can't hold our position on the market unless we have a reasonably decent variety of items to offer. The very high cost of equipment, the fact of short runs, the high cost of the basic raw materials all have an accumulative effect which requires us to ask for protection."(2)

Lacking data on lengths of runs in the United States, the magnitude of the company's disadvantage from short runs could not be assessed product by product. With respect to variety of articles and sizes and shapes offered for sale, the company undoubtedly experiences greater disability the further it moves into types which command progressively smaller and less stable markets; the company offers a range

(1) Official Report, volume 3, pp. 331-2.

(2) Ibid., pp. 420-1.



of tumblers to meet the basic requirements and has limited its line of other articles of glassware to substantially fewer articles than offered by some of the major producers in the United States.

As noted in the subsection dealing with "Manufacture of Glassware", the molds used in machine-pressing or machine-blowing glassware may cost anywhere from \$3,000 to \$5,000 per set. The molds, together with the set-up charges consisting of labour, material and the loss of output during the installation of the molds on the machine, could account for a large portion of the fixed cost that has to be amortized over the length of the run.

A spokesman for the company indicated that silica sand must be imported from the States of Michigan or Illinois in the United States; it is understood that sand suitable for use in the making of glassware is not available from Canadian sources. However, the company's plant at Wallaceburg, Ontario would not seem to be at any substantial disadvantage with respect to location; no duty is payable on the imported sand.

#### The Proposal for a Made in Canada Provision

The proposal by Dominion Glass Company Limited to sub-divide item 326m in order to distinguish between glassware, other than machine-made tumblers, of a class or kind made in Canada and that of a class or kind not made, gave rise to a discussion of problems of administration. A spokesman for W.J. Hughes & Sons "Corn Flower" Limited stated:

"The terminology of 'a class or kind' as recommended by the Dominion Glass Company is not specific. First, there is no stipulation as to whether the items concerned are machine pressed, hand pressed, machine blown or mouth blown. Secondly, they do not distinguish between articles of glass that can be used for blanks and articles of glass that may have a pressed or ribbed design, which makes them unsuitable for cutting. This could cause great confusion to the Customs Appraisers who would have to make the decision of whether the item is a blank, or of 'a class or kind' made in Canada."(1)

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"Using the broad interpretation of the phrase, 'class or kind' could apply to 108 additional items in our line."(2)

A spokesman for Dominion Glass Company Limited outlined the company's concept of determining class or kind for the purpose of administering the made or not made in Canada criterion as follows:

(1) Official Report, volume 3, p. 469.

(2) Ibid., p. 471.

"Now, turning to the specific question of articles of glassware, which we are suggesting may lend themselves to this type of breakdown for classification purposes, we would suggest that there are several broad bases upon which the problem can be cut down to a manageable size. In the first place, all glassware of this nature breaks down according to whether it is made of lead glass or lime glass. Now, Mr. Prosmanne [of Cristalleries du Val St. Lambert, S.A.] who will be following us, made a specific suggestion that lead glass for cutting should perhaps be the subject of a separate tariff. This is something which may be quite sensible....

"Now then, the second major breakdown, if you like, would be between machine-made lime glassware and hand-made lime glassware. Again, no hand-blown or hand-pressed glassware is made in Canada....

"Now from there immediately you exclude tumblers because they are covered in tariff item 326n and we are, of course, recommending ... that that item be left undisturbed. ... So that we are now dealing, for practical purposes, with articles which might be described as machine-made articles of glassware made of lime glass other than tumblers.

"Now, when you have that relatively small segment, if you like, of the whole field, you then have further limitations that arise out of the practice and customs of the cutters and of people generally. You are really only talking about ... such things as pitchers, plates, and plates in quite a narrow range because ... people don't generally eat their meals off glass plates....

"Now, when you get down to that situation, which is the principal problem in this field, Dominion Glass Company Limited doesn't take the view that any further breakdown should be on some broad basis, which would give them a sort of blanket protection for a relatively small range; we are not interested in a procedure which would inhibit or penalize the cutting industry in dealing with articles which we don't manufacture."(1)

It would thus appear that Dominion Glass Company Limited would restrict the category of glassware of a class or kind made in Canada only to that glassware, other than tumblers, which is of soda-lime glass and is machine-made. The spokesman for the company did not elaborate on "the relatively small range" of articles actually produced by Dominion Glass Company; nor did he say what criteria would be suitable for determining whether a certain article is or is not suitable for further decorating.

As noted under the heading "Variety" earlier in this subsection, Dominion Glass Company Limited at present offers 17 items of glassware other than tumblers which were singled out by the company's official as being suitable for decorating either by cutting or with colours or precious metals. Included among these were the following items:

(1) Official Report, volume 3, pp. 402-5.



- 4 mixing bowls
- 4 ash-trays
- 3 vases
- 2 pitchers with polystyrene tops
- 1 6 $\frac{1}{4}$ " sherbet plate
- 1 footed sherbet dish
- 1 3 $\frac{3}{4}$ " candy dish with handle
- 1 salt and pepper shaker with plastic top

The current catalogue of Dominion Glass Company Limited shows four of the above items decorated with colours or precious metals; these include the two pitchers, the 6 $\frac{1}{4}$ " sherbet plate and the sherbet dish. The company will also decorate on request any of the four ash-trays. There is evidence that at least two of the ash-trays have been decorated with colours by one of the non-integrated Canadian decorators. On the other hand, there is no evidence to suggest that any of the 17 items are currently being cut.

As is brought out in the subsection dealing with "Canadian Markets", most of the blanks of glassware other than machine-made tumblers used by the non-integrated Canadian decorators are destined to be cut, and most of them are imported from abroad. Lead, or crystal glass accounts for a significant portion of the imported blanks; stemware blanks both of lead and of soda-lime glass are an important item of importation; none of these products is at present made in Canada.

The glassware cut by W.J. Hughes & Sons "Corn Flower" Limited is made of soda-lime glass. All of the 230 items other than tumblers which are included in the "Corn Flower" line are currently being imported from the United States; most of these are hand-made and are of a type not manufactured by Dominion Glass Company Limited.

Small quantities of hand-made glassware are manufactured in Canada by Altaglass, of Medicine Hat, Alberta. Most of the output of this firm is understood to be coloured during the process of manufacture and to be of a type not suited for further decoration.

#### Value Added by Decorating

As noted earlier in this subsection, W.J. Hughes & Sons "Corn Flower" Limited opposed the extension of the scope of items 326m and 326n to include decorating with colours or precious metals on the grounds that the cost of decorating by this process is much less than the cost of cutting. The spokesman for the company stated:

"The cost of decorating glassware is much less than the cost of cutting. Unless it be stipulated that the value of the finished items be enhanced by at least 25% of the original cost, our business would be very seriously threatened by the possibility of less expensive decorations being applied to good quality blanks."(1)

(1) Official Report, volume 3, p. 481.



## SUMMARY AND CONCLUSIONS

As in many other fields of human endeavour, the advancement of technology has wrought changes in the methods of embellishing glassware. For many years, cutting and, to a lesser extent, mounting with ornaments of precious metal spun to shape were the principal methods of adornment applied to glassware; the importance of these methods was such that since at least the turn of the century glassware imported into Canada to be cut or mounted has been accorded special treatment in the Canadian Customs Tariff.

In recent years, forms of embellishment other than cutting and mounting have gained steadily in importance; of these, the decoration with colours and precious metals, such as gold, silver or platinum, applied directly or by means of the silk-screen process is by far the most common. At present, the value of the glassware decorated in Canada far exceeds the value of the glassware that has been cut, while at the same time the mounting of glassware in Canada has almost ceased.

There are, at present, in Canada more than a dozen firms engaged principally in cutting and decorating glassware. Most of these are relatively small, with no more than 50 employees directly engaged in the cutting or decorating activities; some of the firms pursue other endeavours as well. The small non-integrated firms either buy the glassware which they cut or decorate in Canada from Dominion Glass Company Limited, or import it from abroad. The non-integrated firms compete with one another for sales of the glassware which they have cut or decorated and with Dominion Glass Company Limited which, apart from being the sole Canadian manufacturer of glassware, is also by far the largest single decorator of it. In turn, the non-integrated firms and Dominion Glass Company Limited jointly compete against decorated glassware imported from abroad. Nearly all of the non-integrated decorators are located in Toronto or Montreal. The glassware manufacturing and decorating facilities of Dominion Glass Company Limited are located at Wallaceburg, Ontario; the company decorates only with colours and precious metals.

Most of the glassware currently cut or decorated in Canada is made of soda-lime glass; this is also the only type of glass made in Canada. Imports of soda-lime glassware for decorating come chiefly from the United States. Certain quantities of the higher quality crystal or lead glass are imported into Canada, chiefly for cutting. Machine-made tumblers are by far the most important item of glassware decorated in Canada; most of these are decorated with designs in colours or precious metals.

The principal issue before the Board is whether, or not, the lower rates of duty now applicable to glassware imported into Canada to be cut or mounted should be extended also to glassware imported to be decorated, particularly by the application of colours and precious metals. At present, customs duty on glassware imported to be decorated is levied at the higher rates normally applicable to imported glassware.



The equality of treatment for glassware imported to be cut or decorated was urged upon the Board by two of the non-integrated Canadian decorators: Cutler Brands Limited and The Kenneth M. Smith Co. Limited, both of Toronto. Their pleas were opposed by Dominion Glass Company Limited; in addition, this company requested that glassware for cutting or mounting, other than machine-made tumblers, be made dutiable if it is of a class or kind made in Canada; such glassware is now entered duty-free. The only Canadian cutter of glassware appearing before the Board, W.J. Hughes & Sons "Corn Flower" Limited, of Toronto, accepted with certain qualifications the proposal of the two Canadian decorators, but vigorously opposed the proposal of Dominion Glass Company Limited to impose a duty on glassware imported to be cut. The only foreign interest participating in the inquiry, Cristalleries du Val St. Lambert, S.A., of Belgium, expressed its interest as an exporter of crystal or lead glassware in continued free entry of such glassware into Canada for cutting.

The various arguments presented to the Board were largely concerned with the following considerations: the extent to which decorating, particularly by the application of colours or precious metals, is or is not comparable to cutting, the availability in Canada of glassware blanks of adequate quality and variety, the competitive position of the non-integrated decorators in relation to the integrated manufacturers of glassware, and the competitive position of the one Canadian manufacturer of glassware for decorating in relation to glassware manufacturers in the United States.

The two non-integrated decorators based their pleas, in part, on the contention that decorating is comparable to cutting or mounting in so far as it is but another method of enhancing the value of the article. This contention was disputed by Dominion Glass Company Limited which claimed that decorating, particularly by the application of colours or precious metals, is an integral part of the manufacture of the glassware itself.

For many years, Dominion Glass Company Limited was, in fact, the only firm in Canada decorating glassware with colours or precious metals by means of the silk-screen process. The company introduced the process into Canada under licence from the patentee shortly after its discovery in the United States in the early 1930's. However, in the mid-1950's other firms, not manufacturers of glassware, began to enter the field. Some of these, including The Kenneth M. Smith Co. Limited, were previously cutters of glassware, but because of lack of growth in this line of business, or for other reasons, they were compelled to diversify their operations. Similar developments have taken place in other countries, particularly in the United States where, according to evidence before the Board, there are about 150 firms which decorate glassware, without themselves being the manufacturers of it. The evidence thus does not lend support to the contention that the decoration of glassware is the exclusive preserve of the integrated manufacturer. Indeed, it would appear that the small non-integrated firms located close to the market do have a distinct role to play, particularly in custom orders and other special needs requiring rapid deliveries and close relationship with the customer.

The two non-integrated decorators and the one cutter appearing before the Board claimed that glassware for cutting and decorating was not available in Canada in sufficient variety and in quality comparable to that available elsewhere, particularly in the United States. Evidence adduced before the Board showed that, with the exception of machine-made tumblers, Dominion Glass Company Limited makes only a very limited number of glass articles suitable for cutting or decorating. Moreover, while Dominion Glass Company Limited does produce a considerable range in one quality of machine-made tumblers highly competitive in price with those imported from the United States, the non-integrated decorators and cutters have had to depend on imports for styles and qualities not made in Canada. In fact, imports of machine-made tumblers for decorating have increased over the past decade, despite the fact that they are generally higher priced than the Canadian products.

With respect to the competitive position of the non-integrated decorators in relation to the integrated manufacturers in Canada and abroad, there is but little doubt that for the non-integrated decorators the cost of blanks is higher than for the integrated glassware manufacturers who decorate their own blanks. Depending on the type of glassware and the type of decoration, the cost of the blank may represent anywhere from 25 to 75 per cent of the total factory cost of glassware decorated with colours or precious metals.

Dominion Glass Company Limited based its principal opposition to the reduction of duties on glassware imported for decoration on the grounds that such an action would affect its ability to sell blanks for decorating in competition with imports. The company claimed that owing to the relatively small size of the Canadian market, it was at a disadvantage in comparison with manufacturers in the United States whose production runs tend to be longer.

The Board obtained in confidence prices of representative types of tumblers imported for decorating from the United States, and of comparable tumblers made by Dominion Glass Company Limited. This information shows that Dominion Glass Company Limited at present sells its tumblers to decorators in Canada well below the landed costs of comparable imported tumblers, and that even if the reduction in duties proposed by the two decorators were to be implemented, the landed cost of the tumblers imported from the United States would still be, on the average, about 25 per cent higher.

The importation of machine-made tumblers for decorating has increased in the past decade in spite of the considerably higher price of the imported blanks; thus, Canadian production does not supply all the needs of the decorators. Although the Canadian decorators appearing before the Board were singularly uncertain of the extent of import competition which they face in selling their decorated ware, indications are that if the rates of customs duty on imported blanks were lower, a greater portion of the Canadian market for decorated tumblers might well be served by the Canadian decorators; such a change would also be conducive to lower prices for the Canadian consumer of some decorated tumblers.



Apart from machine-made tumblers, it would appear that very little progress has been made in the manufacture in Canada of glassware for ornamentation and that there is but little prospect of any great variety being so manufactured for the small Canadian market; on the other hand, there is every reasonable prospect for an increase in the decoration of such glassware in Canada, were glassware blanks to be imported at lower cost.

In the light of the foregoing, it appears to the Board that the advantages of the lower duty rates now allowed in the two items for glassware blanks for cutting and mounting should be extended to the glassware blanks for other processes of decorating. Accordingly, the Board recommends a substitution of the broader concept of decorating for the narrow and somewhat vague concept of mounting.

In order to prevent an undue widening of the class of products which can be entered under the special item for glassware other than machine-made tumblers, the Board is recommending that containers for the bottling or packaging of products be specifically excluded. The recommended item appears as item II in the Recommended Schedule.

Practically all of the types of machine-made tumblers imported into Canada to be decorated can also be sold for use undecorated. In order to provide against abuse of the special provisions relating to machine-made tumblers imported for cutting or decorating, the Board is recommending that the provision be changed from that of an end-use item to that of a drawback item. At the same time, the Board cannot view with equanimity the extension of the special provision to articles to which but little Canadian labour or material is added in the process of cutting or decorating; to guard against such a misuse, the Board recommends that in order to qualify for the drawback, at least 25 per cent of the cost of producing the decorated article must be incurred in Canada. The drawback item is shown as item III in the Recommended Schedule, which follows.





RECOMMENDED SCHEDULE

1. That the portion of Order in Council P.C. 1961-926 of the 27th of June 1961 relating to tariff item 287b be revoked and that Schedule A to the Customs Tariff be amended by striking out tariff items 326m and 326n and the enumerations of goods and the rates of duty set opposite each of these items and by inserting therein the following items, enumerations of goods and rates of duty:

Tariff Item	Goods Subject to Duty and Free Goods	British Prefer- ential Tariff	Most- Favoured- Nation Tariff	General Tariff
I	Undecorated tableware of china, porcelain, semi-porcelain or white granite, including the foregoing with the surface uniformly coloured in only one hue, when for use in the manufacture of decorated tableware by kiln-fired decoration .....	Free	10 p.c.	35 p.c.
II	Articles of glass, not to include plate, sheet, machine-made tumblers nor containers for the bottling or packaging of products, when for use in the manufacture of cut or decorated glassware, under such regulations as the Minister may prescribe .....	Free	Free	32½ p.c.

2. That Schedule B to the Customs Tariff be amended by inserting therein the following:


Item No.	Goods	When Subject to Drawback	Portion of Duty (Not including Special Duty or Dumping Duty) Payable as Draw- back
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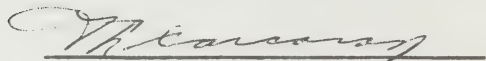
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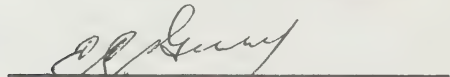
III Machine-made tumblers  
of glass, not cut nor  
decorated

When used in the manu-  
facture of cut or  
decorated tumblers;  
provided that no draw-  
back shall be paid under  
this item unless at least  
twenty-five per centum  
of the cost of producing  
the finished article has  
been incurred in Canada

60 p.c.

  
Chairman

  
Second Vice-Chairman

  
Member

Ottawa, April 13, 1962.



NOTES ON RECOMMENDED ITEMS

relating to tableware and glassware for decorating

Recommended Item I

- I Undecorated tableware of china, porcelain, semi-porcelain or white granite, including the foregoing with the surface uniformly coloured in only one hue, when for use in the manufacture of decorated tableware by kiln-fired decoration

Free	10 p.c.	35 p.c.
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This item would provide for the same type of goods as are now entered under existing item 287b, with a reduction in the rate of duty under the Most-Favoured-Nation Tariff from 15 p.c. to 10 p.c. The reduction would place the tableware manufacturers in the United Kingdom and in the United States on an approximately equal basis when selling blanks to Canadian decorators. With the exception of one firm, which supplies blanks for decorating to its Canadian subsidiary, the English potteries have shown a marked lack of zeal in offering their blanks to Canadian decorators. The Board sees no valid reason for taxing the Canadian consumer in order to maintain a margin of preference of which no advantage is being taken.

The recommended change in wording is designed to embody in the statute what, up to now, has been an administrative practice. It is understood that the Department of National Revenue now allows the entry under item 287b of tableware blanks uniformly coloured on the surface; such blanks are specifically included in the wording of the recommended item.

Recommended Item II

- II Articles of glass, not to include plate, sheet, machine-made tumblers nor containers for the bottling or packaging of products, when for use in the manufacture of cut or decorated glassware, under such regulations as the Minister may prescribe

Free	Free	32½ p.c.
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This item would provide generally for the glassware now entered under existing item 326m. It would enlarge the scope of the existing item by providing for glassware imported for decorating by means other than cutting or mounting with the exception of containers for the bottling or packaging of products.

The evidence brought out by the inquiry showed that apart from machine-made tumblers, very little glassware suitable for decorating is produced in Canada. However, it would appear that the importation of decorated glassware itself has been increasing in the past decade.

### Recommended Item III - Drawback

#### III Machine-made tumblers of glass, not cut nor decorated

When used in the manufacture of cut or decorated tumblers; provided that no drawback shall be paid under this item unless at least twenty-five per centum of the cost of producing the finished article has been incurred in Canada ... 60 p.c.

This drawback item would replace the end-use provision of item 326n, the deletion of which the Board is recommending. The recommended drawback would result in slightly lower duties and, with three notable changes, would apply generally to the same type of goods as are now provided for in item 326n.

The three changes are the extension of the benefits of the lower rates of duty to machine-made tumblers imported to be decorated by methods other than cutting or mounting, the exclusion of tumblers that have already been cut or decorated prior to importation, and the requirement that in order to qualify for the lower rates at least 25 per cent of the cost of producing the cut or decorated article must be incurred in Canada.

Evidence shows that although the one Canadian manufacturer of glassware does make a considerable range of one quality of machine-made tumblers, it does not supply all of the needs of the Canadian decorators. Lower rates of duty on tumblers for decorating will improve the competitive position of the Canadian decorators in relation to imports of decorated tumblers and should result in lower prices to the consumer. On the other hand, the Board is concerned that the one Canadian glassware manufacturer, who also decorates, and the Canadian cutters be protected against unfair competition from imported tumblers to which but little Canadian value has been added. For this reason, and because many of the tumblers suitable for cutting or decoration may also be used uncut or undecorated, the Board believes that a drawback item would offer a better safeguard against abuse than would a tariff item.

NOTES ON EXISTING ITEMS

relating to tableware and glassware for decorating

Existing Item 287b

- 287b Undecorated tableware, for use in the manufacture of decorated tableware entitled to entry under tariff item 287; to be decorated with kiln-fired decoration (Expires 30th June, 1962.)

Free	15 p.c.	35 p.c.
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The Board recommends that the end-use provision established by Order in Council in this temporary item be made statutory. It is recommended, furthermore, that the most-favoured-nation rate be reduced from 15 p.c. to 10 p.c., and that the wording of the item be clarified. The Board's recommendations are discussed in greater detail in the notes on recommended item I.

Existing Item 326m

- 326m Articles of glass, not including plate or sheet or machine-made tumblers, to be cut or mounted, when imported by manufacturers of cut or mounted glassware, for use in the manufacture of such glassware in their own factories, under such regulations as the Minister may prescribe

Free	Free	32½ p.c.
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This item would be replaced by recommended item II with no change in rates but with several changes in wording; the effect of these changes is set out in the notes on recommended item II.

Existing Item 326n

- 326n Machine-made glass tumblers, when imported by manufacturers of cut or mounted glassware, for use in the manufacture of such glassware in their own factories, under such regulations as the Minister may prescribe

10 p.c.	10 p.c.	32½ p.c.
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The Board recommends that this item be deleted. Most of the machine-made tumblers now entered under the item would then fall under tariff item 326(1) at a British

preferential rate of 15 p.c. and a most-favoured-nation rate of 20 p.c. Any cut or decorated machine-made tumblers now entered under the item would fall under tariff item 326(2) or 326(4) at a British preferential rate of 10 p.c. and a most-favoured-nation rate of  $22\frac{1}{2}$  p.c. However, in recommended item III the Board is providing for a drawback of 60 p.c. of the duty paid on imported machine-made tumblers of glass, not cut nor decorated, when used in the manufacture of cut or decorated glassware, provided that not less than 25 per cent of the cost of producing the finished article has been incurred in Canada.

This drawback would make the effective duty slightly lower than that provided in item 326n; it would not apply to any imports of cut or decorated tumblers that may now be entered under item 326n, nor would it provide for the tumblers now entered under the item and cut or mounted in Canada with a Canadian cost content of less than 25 per cent. It appears that very few, if any, cut or decorated tumblers are imported under the existing item and that most processes of cutting and mounting add considerably more than 100 per cent to the cost of the machine-made tumblers.







APPENDIX A

HISTORY OF THE TARIFF ITEMS

(From November 30, 1906 to July 1, 1961, inclusive)

Tariff Item 287b

Undecorated tableware, for use in the manufacture of decorated tableware entitled to entry under tariff item 287; to be decorated with kiln-fired decoration (Expires 30th June, 1962.)

	<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
1956, January 1	Free	15 p.c.	35 p.c.

Previously provided for in drawback item 1034, viz.:

Undecorated tableware entitled to entry under tariff item 287 and processing goods therefor, not to include machinery nor plant equipment

When imported other than under the General Tariff for use by commercial manufacturers in the manufacture of decorated tableware

1952, November 1 (90 p.c. of duty)	2½ p.c.
1951, July 1 (50 p.c. of duty)	12½ p.c.

Previously classified under item 287, viz.:

All tableware of china, porcelain, semi-porcelain or white granite, but not to include tea-pots, jugs and similar articles of the type commonly known as earthenware

1948, January 1 (GATT)	25 p.c.	
1932, October 13	35 p.c.	35 p.c.
1930, May 2	Free	30 p.c.
1910, March 31		27½ p.c.
1906, November 30	15 p.c.	27½ p.c. 30 p.c.

Tariff Item 326m

Articles of glass, not including plate or sheet or machine-made tumblers, to be cut or mounted, when imported by manufacturers of cut or mounted glassware, for use in the manufacture of such glassware in their own factories, under such regulations as the Minister may prescribe

	<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
1955, January 1	Free	Free	32½ p.c.

Previously classified under item 326e, viz.:

Articles of glass, not plate or sheet, designed to be cut or mounted; articles of glassware, when imported by manufacturers of silverware to be used in receptacles made of or electro-plated with precious metals or to be equipped with tops made of or electro-plated with precious metals, in their own factories

1939, January 1 (U.S. Agreement)		Free	
1936, May 2	Free	10 p.c.	22½ p.c.

Previously classified under item 326a, viz.:

Articles of glass, not plate or sheet, designed to be cut or mounted; and manufactures of glass, n.o.p.

1933, June 10 (Canada-France Trade Agreement)		less 10 p.c.	
1906, November 30	15 p.c.	20 p.c.	22½ p.c.

Tariff Item 326n

Machine-made glass tumblers, when imported by manufacturers of cut or mounted glassware, for use in the manufacture of such glassware in their own factories, under such regulations as the Minister may prescribe

	<u>B.P.</u>	<u>M.F.N.</u>	<u>General</u>
1955, January 1	10 p.c.	10 p.c.	32½ p.c.

Previously classified under item 326e (see above under existing item 326m)





APPENDIX BIMPORT STATISTICS

<u>Statistical Class No.</u>	<u>Abbreviated Description of Statistical Class</u>	<u>Tariff Item</u>
7046	Tableware of china, porcelain, semi-porcelain or white granite	287 287b
7079	Decanters and tumblers, not cut nor decorated	326(1) 326n
7083	Glass tableware and cut glassware	326(2) 326(4)
7121	Articles of glass to be cut or mounted	326e 326m

Note: Figures showing volume and value of imports relate to calendar years. Duties as per cent of total values and of dutiable values in the period 1935-38 relate to fiscal years ending March 31, 1936-39.

Source: Dominion Bureau of Statistics.

Imports: Tableware of china, porcelain, semi-porcelain or white granite, but not to include teapots, jugs and similar articles of the type commonly known as earthenware, s.c. 7046

Tariff Items 287 and 287b

Year	Value \$'000	Duty Collected \$'000	Duty as Per Cent of	
			Total Value	Dutiable Value
<u>1. Total</u>				
1935	2,995	..	5.9	35.0
1936	3,253	..	4.8	35.0
1937	3,667	..	3.8	35.0
1938	3,564	..	2.9	35.0
1939	3,023	81	2.7	35.0
1947	8,820	325	3.7	35.0
1948	12,489	461	3.7	27.0
1949	13,369	574	4.3	26.1
1950	12,672	533	4.2	26.6
1951	15,182	592	3.9	28.0
1952	12,443	499	4.0	27.6
1953	12,864	479	3.7	28.0
1954	12,857	501	3.9	25.9
1955	13,305	596	4.5	25.0
1956	13,885	596	4.3	23.9
1957	12,903	676	5.2	23.2
1958	14,179	659	4.6	21.7
1959	13,876	587	4.2	22.8
1960	13,299	609	4.6	23.1
<u>2. United Kingdom</u>				
1935	2,443	..	0.1	35.0
1936	2,832	..	*	35.0
1937	3,220	..	*	35.0
1938	3,289	..	*	35.0
1939	2,793	*	*	35.0
1947	7,897	2	*	35.0
1948	10,789	2	*	31.8
1949	11,169	1	*	26.2
1950	10,669	1	*	25.1
1951	13,072	*	*	25.5
1952	10,631	*	*	26.6
1953	11,148	*	*	29.5
1954	10,916	*	*	26.8
1955	10,924	1	*	25.3
1956	11,387	*	*	25.0
1957	9,991	*	*	25.2
1958	11,144	*	*	25.0
1959	11,300	1	*	24.3
1960	10,664	*	*	16.3

s.c. 7046  
(Cont'd)

Year	Value \$'000	Duty Collected \$'000	Duty as Per Cent of	
			Total Value	Dutiable Value
<u>3. United States</u>				
1935	24	..	35.0	35.0
1936	29	..	35.0	35.0
1937	36	..	35.0	35.0
1938	42	..	35.0	35.0
1939	50	17	35.0	35.0
1947	802	281	35.0	35.0
1948	1,227	308	25.0	25.0
1949	1,659	415	25.0	25.0
1950	1,337	334	25.0	25.0
1951	971	243	25.0	25.0
1952	1,030	257	24.9	25.0
1953	904	226	25.0	25.0
1954	1,005	251	25.0	25.0
1955	1,332	333	25.0	25.0
1956	1,233	279	22.7	22.7
1957	1,371	291	21.2	21.2
1958	1,740	336	19.3	19.3
1959	1,231	249	20.2	20.2
1960	1,263	265	21.0	21.0

Imports: Decanters and machine made tumblers of glass, not cut  
nor decorated, n.o.p., s.c. 7079

Tariff Items 326(1) and 326n

<u>Year</u>	<u>Value</u> \$'000	<u>Duty</u> <u>Collected</u> \$'000	<u>Duty as Per Cent of</u>	
			<u>Total</u> <u>Value</u>	<u>Dutiable</u> <u>Value</u>
<u>1. Total</u>				
1938(a)	117	..	27.1	27.1
1939	153	41	27.0	27.0
1947	280	75	26.8	26.8
1948	11	2	21.1	21.1
1949	470	106	22.5	22.5
1950	501	113	22.5	22.5
1951	347	74	21.3	21.3
1952	341	68	20.0	20.0
1953	356	71	20.0	20.0
1954	329	66	20.0	20.0
1955	573	94	16.5	16.5
1956	532	95	17.9	17.9
1957	657	114	17.3	17.3
1958	694	120	17.2	17.2
1959	583	104	17.8	17.9
1960	540	101	18.8	18.8
<u>2. United States</u>				
1938(a)	82	..	27.3	27.3
1939	142	38	27.0	27.0
1947	255	69	27.0	27.0
1948	6	1	22.5	22.5
1949	460	103	22.5	22.5
1950	484	109	22.5	22.5
1951	331	71	21.4	21.4
1952	329	66	20.0	20.0
1953	343	69	20.0	20.0
1954	305	61	20.0	20.0
1955	541	88	16.3	16.3
1956	485	86	17.8	17.8
1957	593	102	17.2	17.2
1958	630	107	17.0	17.0
1959	531	94	17.7	17.7
1960	474	89	18.8	18.8

(a) From April 1, 1938 only; previously classified under "Glass demijohns, carboys, bottles, flasks, phials and jars, and balls, not cut".

Imports: Glass tableware and cut glassware, n.o.p., s.c. 7083

Tariff Items 326(2) and 326(4)

Year	Value \$'000	Duty Collected \$'000	Duty as Per Cent of	
			Total Value	Dutiable Value
<u>1. Total</u>				
1935	858	..	30.1	30.1
1936	973	..	27.2	27.2
1937	1,139	..	25.7	25.7
1938	912	..	25.2	25.2
1939	949	222	23.4	23.4
1947	2,648	627	23.7	23.7
1948	1,276	269	21.1	21.1
1949	1,426	305	21.4	21.4
1950	1,478	303	20.5	20.5
1951	1,985	410	20.7	20.7
1952	1,902	401	21.1	21.1
1953	2,493	526	21.1	21.1
1954	2,515	525	20.9	20.9
1955	3,138	661	21.1	21.1
1956	3,415	722	21.1	21.1
1957	3,838	824	21.5	21.5
1958	4,309	926	21.5	21.5
1959	4,642	1,002	21.6	21.6
1960	5,193	1,133	21.8	21.8

2. United Kingdom

1935	66	..	15.5	15.5
1936	94	..	14.9	14.9
1937	109	..	12.3	12.3
1938	73	..	10.5	10.5
1939	106	11	10.3	10.3
1947	190	11	5.7	5.7
1948	178	18	9.9	9.9
1949	187	19	10.0	10.0
1950	253	25	10.0	10.0
1951	321	32	10.0	10.0
1952	246	25	10.0	10.0
1953	302	31	10.1	10.1
1954	339	34	10.1	10.1
1955	389	39	10.1	10.1
1956	424	45	10.6	10.6
1957	363	39	10.6	10.6
1958	388	39	10.1	10.1
1959	396	40	10.2	10.2
1960	390	39	10.1	10.1



s.c. 7083  
(Cont'd)

Year	Value \$'000	Duty Collected \$'000	Duty as Per Cent of	
			Total Value	Dutiable Value
3. United States				
1935	543	..	31.8	31.8
1936	568	..	28.4	28.4
1937	615	..	27.1	27.1
1938	511	..	26.6	26.6
1939	580	145	25.0	25.0
1947	1,685	421	25.0	25.0
1948	796	179	22.5	22.5
1949	866	195	22.5	22.5
1950	805	181	22.5	22.5
1951	1,113	250	22.5	22.5
1952	1,138	256	22.5	22.5
1953	1,466	329	22.4	22.5
1954	1,417	318	22.4	22.5
1955	1,763	396	22.5	22.5
1956	1,612	363	22.5	22.5
1957	1,770	398	22.5	22.5
1958	1,915	430	22.5	22.5
1959	1,937	435	22.5	22.5
1960	2,266	509	22.5	22.5
4. Germany <sup>(1)</sup>				
1935	65	..	30.1	30.1
1936	83	..	29.3	29.3
1937	77	..	27.3	27.3
1938	67	..	26.6	26.6
1939	94	24	25.3	25.3
1947	-	-	-	-
1948	15	4	30.3	30.3
1949	33	7	22.5	22.5
1950	49	11	22.6	22.6
1951	110	25	22.5	22.5
1952	66	15	22.5	22.5
1953	125	28	22.5	22.5
1954	139	31	22.5	22.5
1955	220	49	22.5	22.5
1956	393	88	22.5	22.5
1957	546	123	22.5	22.5
1958	699	157	22.5	22.5
1959	860	194	22.5	22.5
1960	908	205	22.5	22.5

(1) Beginning in 1952, West Germany only.

Imports: Articles of glass, or glassware, to be cut or mounted,  
s.c. 7121

Tariff Items 326e and 326m(a)

Year	Value \$'000	Duty Collected \$'000	Duty as Per Cent of	
			Total Value	Dutiable Value
1. Total				
1935	125	..	17.8	17.8
1936	148	..	9.2	9.7
1937	195	..	8.9	9.2
1938	173	..	6.6	9.3
1939	216	*	0.2	15.8
1947	622	*	*	17.4
1948	448	1	0.1	22.5
1949	770	*	*	22.5
1950	690	*	*	22.5
1951	593	*	*	22.5
1952	561	-	-	-
1953	710	1	0.1	22.5
1954	807	1	0.1	22.5
1955	423	1	0.3	32.5
1956	386	1	0.3	32.5
1957	458	1	0.2	32.5
1958	499	2	0.3	32.5
1959	444	1	0.3	32.5
1960	414	*	*	32.5
2. United States				
1935	56	..	18.5	18.5
1936	89	..	9.6	9.6
1937	115	..	9.3	9.3
1938	103	..	6.7	9.4
1939	138	*	0.1	10.0
1947	464	*	*	17.4
1948	288	-	-	-
1949	579	-	-	-
1950	505	*	*	22.5
1951	440	*	*	22.5
1952	408	-	-	-
1953	500	-	-	-
1954	524	-	-	-
1955	273	-	-	-
1956	226	-	-	-
1957	288	-	-	-
1958	305	-	-	-
1959	260	-	-	-
1960	225	-	-	-

s.c. 7121  
(Cont'd)

<u>Year</u>	<u>Value</u> \$'000	<u>Duty</u> <u>Collected</u> \$'000	<u>Duty as Per Cent of</u> <u>Total</u> <u>Value</u>	<u>Dutiable</u> <u>Value</u>
<u>3. Belgium and Luxembourg</u>				
1935	12	..	17.2	17.2
1936	17	..	9.5	9.5
1937	28	..	9.0	9.0
1938	31	..	7.1	9.0
1939	44	-	-	-
1947	102	-	-	-
1948	98	-	-	-
1949	103	-	-	-
1950	83	-	-	-
1951	78	-	-	-
1952	87	-	-	-
1953	122	-	-	-
1954	170	-	-	-
1955	77	-	-	-
1956	111	-	-	-
1957	107	-	-	-
1958	118	-	-	-
1959	103	-	-	-
1960	97	-	-	-

(a) From January 1, 1955 only.

APPENDIX C

EXISTING ITEMS 326m and 326n and  
CHANGES PROPOSED by INTERESTED PARTIES

EXISTING ITEMS 326m and 326n and CHANGES PROPOSED by INTERESTED PARTIES

EXISTING TARIFF ITEMS

Item No.	Present Description	Present Rates	
		B.P.	M.F.N.

326m Articles of glass, not including plate or sheet or machine-made tumblers, to be cut or mounted, when imported by manufacturers of cut or mounted glassware, for use in the manufacture of such glassware in their own factories, under such regulations as the Minister may prescribe

Free

PROPOSED CHANGES

Proposed Description	Proposed Rates	
	B.P.	M.F.N.

Articles of glass, not including plate or sheet or machine-made tumblers, to be cut, mounted, or decorated when imported by manufacturers of cut, mounted, or decorated glassware for use in the manufacture of such glassware in their own factories, under such regulations as the Minister may prescribe  
(Proposed by Cutler Brands Limited)

Free Free

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Articles of glass, not including plate or sheet, or machine made tumblers, to be cut, decorated or mounted when imported by manufacturers of cut, decorated or mounted glassware for use in the manufacture of such glassware in their own factories, under such regulations as the Minister may prescribe

Free Free

(Proposed by The Kenneth M. Smith Co. Limited)

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# EXISTING TARIFF ITEMS

Item No.	Present Description	Present Rates B.P. M.F.N.
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326m  
(Cont'd)

326n	Machine-made glass tumblers, when imported by manufacturers of cut or mounted glassware, for use in the manufacture of such glassware in their own factories, under such regulations as the Minister may prescribe	10 p.c. 10 p.c.
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# PROPOSED CHANGES

Proposed Description	Proposed Rates B.P. M.F.N.
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Articles of glass, undecorated and uncut, not including plate or sheet or machine-made tumblers, to be cut or mounted only, when imported by manufacturers of cut or mounted glassware, for use in the manufacture of such glassware in their own factories, under such regulations as the Minister may prescribe,

(1) when of a class or kind not made in Canada

Free Free

(2) when of a class or kind made in Canada  
(Proposed by Dominion Glass Company Limited)

10 p.c. 10 p.c.

Machine-made glass tumblers, when imported by manufacturers of cut, mounted, or decorated glassware, for use in the manufacture of such glassware in their own factories, under such regulations as the Minister may prescribe  
(Proposed by Cutler Brands Limited)

10 p.c. 10 p.c.

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# EXISTING TARIFF ITEMS

Item No.	Present Description	Present Rates	
		B.P.	M.F.N.

326n  
(Cont'd)

# PROPOSED CHANGES

Proposed Description	Proposed Rates	
	B.P.	M.F.N.

Machine made glass tumblers, when imported by manufacturers of cut, decorated or mounted glassware, for use in the manufacture of such glassware in their own factories under such regulations as the Minister may prescribe (Proposed by The Kenneth M. Smith Co. Limited)	10 p.c.	10 p.c.
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Machine-made glass tumblers, undecorated and uncut, to be cut or <u>mounted only</u> , when imported by manufacturers of cut or mounted glassware, for use in the manufacture of such glassware in their own factories, under such regulations as the Minister may prescribe (Proposed by Dominion Glass Company Limited)	10 p.c.	10 p.c.
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